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Clinton Veto Slaps Down Republican Budget Bill

President Blames Foes in Congress for Crisis; Shutdown Is Imminent

By Brian Knowlton
International Herald Tribune

WASHINGTON — In a showdown on spending and debt, President Bill Clinton said his ground Monday, vetoing a bill that Republicans said was necessary to avert the first government default in history. He blamed the crisis squarely on congressional Republicans, saying, "They've got to put the United States on the path to default."

Treasury Secretary Robert E. Rubin crumbled to avert a default on federal debt, which could come as early as Wednesday, by drawing on government trust funds. That action calmed stock and bond markets. (Page 13.)

Mr. Clinton also renewed a pledge to veto a separate bill, expected to reach him later in the day, to provide funding to keep the government in operation after midnight Monday. House Republican leaders said there would be no attempt to override such a veto, leaving it unclear how long the government might remain closed.

Hundreds of thousands of federal employees nationwide — primarily those in positions deemed nonessential to health, safety and security — prepared to be sent home from work Tuesday.

Mr. Clinton's immediate objection to the spending bill is that it would lead to a monthly increase of about \$7 in payments by the elderly under Medicare, a politically sensitive health insurance program.

Senate Republican leaders sent to the White House a proposed compromise that would freeze the Medicare premium. But Bob Dole, the Senate majority leader, said later that a White House spokesman had said that "was not enough to satisfy the president."

"We face a choice that will be a test of our values, a test of our vision," he said in a speech to the Democratic Leadership Council. It was a choice, he said, between a "winner-take-all society" and one in which "we all have a chance to win together."

Newt Gingrich, the speaker of the House, in turn accused the president of avoiding talks with the Republican leadership. The Georgian said it was "very unfortunate that he is hiding and refusing to discuss with us what would keep the government open."

The president's chief of staff, Leon E. Panetta, met with some congressional leaders Monday, but those talks were said to be inconclusive.

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President Clinton says Republicans voted to put U.S. on the path to default.

Japan Aide Quits Over Korea Remarks Resignation Heads Off Heated Tokyo-Seoul Dispute

By Kevin Sullivan
Washington Post Service

TOKYO — A Japanese cabinet minister who said Japan's brutal occupation of Korea earlier this century "did some good things" for Korea resigned on Monday, heading off a nasty diplomatic spat that had threatened to disrupt this week's economic summit meeting in Japan.

The dispute came at a particularly sensitive time for Japan, which will play host to President Bill Clinton and scores of other world leaders at the Asia-Pacific Economic Cooperation forum. Seoul had threatened to cancel a meeting between President Kim Young Sam and Prime Minister Toshimichi Murayama at the high-level conference unless the minister was removed.

Takami Eto, head of the Management and Coordination Agency, resigned over his remarks, which included an assertion that Korea benefited from Japan's 35-year occupation because Japan built schools, railroads and ports.

During the 1910-1945 occupation,

Japan forced Koreans to take Japanese surnames, learn the Japanese language and worship the emperor. Koreans were forced to work in Japanese factories producing goods that were mainly consumed in Japan. Dissent was met with torture.

Relations between the two governments have improved, but the gut-level animosity between Korean and Japanese people still exists. Many Japanese still consider Koreans as inferiors, and discrimination against Koreans — or even Japanese of Korean heritage — is still widespread.

Mr. Eto's remarks were made in an informal gathering of Japanese reporters on Oct. 11, but they were made public last week in the Dong-A Ilbo, a major Seoul newspaper. The next day Mr. Eto retracted any of the remarks "that caused misunderstanding," but the government, unsatisfied, continued to call for Mr. Eto's resignation.

"I can't cause further trouble to the cabinet and to the party," Mr. Eto, a member of the Liberal Democratic Party, said at a news conference.

Chief Cabinet Minister Koken Nosaka said Mr. Eto decided to resign on his own without pressure from Mr. Murayama.

Terror Blast at Saudi Base Attack Regarded as Big Challenge to Regime

By Youssef M. Ibrahim
New York Times Service

PARIS — A bomb explosion at a building housing U.S. and Saudi Arabian military personnel rocked Riyadh on Monday, killing 6 people and wounding 60. Four of the dead were Americans.

The attack was the most daring challenge to the Saudi government since 1979, when Islamic fundamentalists held Mecca's holiest mosque for nearly three weeks before they were forced out, arrested and executed.

Informed Saudis said in telephone interview that, while the attack Monday destroyed an American-Saudi military facility and anonymous callers warned Americans to leave the country, the real aim was to destabilize the Saudi government and raise serious concern among the smaller Arab states of the Gulf Cooperation Council that are satellites to the Saudis.

President Bill Clinton immediately pledged that the United States would devote "enormous effort" to find out who was behind the attack.

"We have already begun the process of determining what happened," Mr. Clinton said at the White House. "We will devote an enormous effort to that."

Responsibility for the bombing was claimed by a group demanding the departure of U.S. forces from Saudi Arabia. "The attacks will continue until the departure of the last American soldier," an anonymous caller said in two telephone calls to Agence France-Presse.

He said he belonged to Tigers of the Gulf, a previously unknown group.

Officials said that even though the group took responsibility, it was unclear whether the bombing was the work of local Islamic fundamentalist factions or such external enemies of Saudi Arabia as Iran. Or it might have been a combination of the two, which a senior Saudi figure described as "the most dangerous" possibility.

The greatest concern appeared to be the likelihood that terror cells linked to fundamentalists inside Saudi Arabia have learned how to pack explosives in vehicles, possibly by linking up with Arab fundamentalists groups operating out of Afghanistan, Pakistan and Sudan.

Speaking in telephone interviews, Saudis, including ranking officials, said that the authorities in Riyadh had been warned about an imminent terrorist action for nearly a week and had placed security forces on a low-level alert.

The Saudis emphasized that placing a car bomb in a parking lot near the Saudi National Guard's training facility was a relatively easy task, even though it is adjacent to a sensitive military installation where scores of U.S. military advisers work alongside Saudis.

The site, near the busy Al Talateen shopping street in the heart of Riyadh, is easily accessible in a city where nearly everyone parks at will nearly anywhere.

The Saudis interviewed Monday were convinced that the attack takes a confrontation between the Saudi ruling establishment and growing ranks of militants to a new level. "This is a clash that has been postponed for years," said a ranking Saudi who, like others interviewed, requested anonymity.

"Saudi Arabia cannot be insulated from what is happening elsewhere in the region," this person continued. "Muslim militants from Afghanistan and Sudan are present here, too, as they are in Egypt, Algeria, Jordan, Tunisia and Yemen."

The Saudi ambassador to Britain, Ghazi al-Ghossabi, said, "This terrible incident reflects in no way on the stability of Saudi Arabia." He noted that terrorist acts are common around the world.

This comment reflects the one issue that is uppermost in Saudi minds: What is probably going to be a continuing challenge from within should not be seen as a sign of loss of control by the regime.

But what Mr. Ghossabi did say was that religious circles in Saudi Arabia are far greater in numbers and conservative in thinking than the religious establishment elsewhere in the Arab world, which have spawned over the years networks of militants shooting and bombing their way to what they hope will be a seizure of power.

"We have allowed these groups too much leeway in the past," a Saudi official said. "If this incident does not lead to a crackdown on all sorts of illegal activities under the name of Islam, we are going to have a serious problem."

The official said past crackdowns fell short of the highest levels of Islamic dissidents, including, he continued, businessmen who have been funding Islamic movements for years under the guise of charity.

In Shift, EU 'Welcomes' Demand on Currency

Germans Seek Tougher Budget Rules

By Tom Buerkle
International Herald Tribune

BRUSSELS — Germany's demand for tighter budgetary restraint on countries joining a single European currency gained strong momentum Monday as the European Commission dropped its opposition to the idea.

The commission's president, Jacques Santer, and Yves-Thibault de Silguy, the commissioner for monetary affairs, said they "welcomed with interest" a proposal for new budget rules put forward last week by Germany's finance minister, Theo Waigel.

"The commission shares his anxiety about the need to maintain a strong and lasting convergence" around sound economic criteria among countries participating in a single currency, the two officials said in a statement. A spokesman for Mr. de Silguy said that the commission was "ready to discuss positively and openly the

ideas Mr. Waigel has put forward."

The statement was significant because the commission is the EU agency charged with putting a single currency in place, and until Monday officials had resisted any new budget commitments beyond the requirements laid out in the Maastricht Treaty on European Union.

Addressing the German Parliament last week, Mr. Waigel unveiled a proposal for a

France vows to reform its debt-ridden health-care system. (Page 13.)

so-called stability pact among countries joining a single currency, which EU leaders have pledged to produce in 1999.

The pact proposed by Mr. Waigel would impose automatic financial penalties on any government that permits its budget deficit to exceed 3 percent of gross domestic product.

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Angrily, Nigeria Hits Back, Withdrawing Key Envoys

Compiled by Our Staff From Dispatches

ABUJA, Nigeria — Nigeria's military regime on Monday angrily rejected worldwide condemnation of its execution of nine human-rights activists, countering diplomatic isolation with a recall of its envoys from key Western countries and South Africa.

As the European Union said it was considering a trade embargo against the West African state, which depends heavily on oil exports, national radio announced that Nigeria was withdrawing its ambassadors from the 15 EU states, as well as from Washington and Pretoria.

The ambassadors were to return "immediately" for consultations, the radio said.

Shell International, which has been put on the defensive by the executions, on Monday denied reports that it was delaying a £2.5 billion (\$4 billion) natural gas deal with Nigeria.

A statement released in London said the company had no plans to freeze or stop operations in Nigeria. However, a Shell U.K. spokesman said that if the international community declared an embargo on Nigerian oil, "we will obey the law."

Shell, the largest oil producer in Nigeria, pumps 40 percent of its output. Oil provides most of the military government's revenue.

Newsstand Prices	
Bahrain	1,000 Din. Malta
Cyprus	£ 1.00 Nigeria
Denmark	14.00 Dkr. Oman
Finland	12.00 F.M.
Germany	£ 0.85 Qatar
Great Britain	£ 0.85 Saudi Arabia
Egypt	£ 0.85 S. Africa
Jordan	1,250 JD U.A.E.
Kenya	K. Sh. 150 U.S. M.L. (Eur.)
Kuwait	£ 600 Ft. Zimbabwe

Dow Jones	Trib Index
Up 2.53	Down 0.39%
4872.90	124.00
The Dollar	
New York	
Mon. close	previous close
Doll	1.418
Pound	1.553
Yen	101.80
FF	4.888
	4.8835

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CAMPAINING UNDER GUARD — Mahfoud Nahnah, a moderate who is one of four candidates in Algeria's presidential election, campaigning in Blida as a policeman stood by. The elections will be held Thursday. (Page 7.)

Increasingly, Only One Size Counts in U.S. Business

By Steven Pearlstein
Washington Post Service

WASHINGTON — Along the congested ribbons of asphalt in a typical American suburb, there is a fearsome lineup of competitors that is transforming the retail landscape.

There's a Circuit City selling almost everything in the way of appliances and electronics; a Staples piled high with office supplies; a Bed, Bath and Beyond for sheets and bedding in every size and color, and a Petco the size of a warehouse. A three-story Borders boasts nearly any book in print, served up with Lizz and coffee latte. You will find all manner of children's stuff at Toys 'R' Us, educational stuff at Zany Brainy's and face stuff at the Cosmetics Center.

These retailers are among the corporate superstars of the new economy — competitors that dominate their markets no less than Michael Jordan does on the basketball court or Steven Spielberg does in Hollywood.

Offering a wide selection of goods at somewhat lower prices, these national specialty store chains have routed regional department stores, challenged the big discounters and forced a generation of small, local merchants out of business.

They are known within the industry, with good reason, as the "category killers."

What is happening in America's ever-expanding suburbs is not unique to retailing. A similar winner-take-all dynamic is at work in nearly every industry, recasting the terms of competition, overturning traditional relationships between suppliers and customers and concentrating market shares in the hands of one or two companies.

The common threads are specialization, which has transformed broad industries into collections of increasingly smaller niche markets, and rapid changes in technology, which have allowed the best performer in each niche to replicate its success around the nation and the globe.

Take the simple cup of coffee. Only a few years ago this was thought to be the classic example of an undifferentiated product sold by the archetype of small business, the corner deli and coffee shop.

But with technology and management know-how that allow a small staff in Seattle to supervise hundreds of outlets, Starbucks is replicating its successful formula for selling coffee to upscale consumers on urban street corners, shopping malls and airport terminals throughout the nation. By the end of the year this Coffee Shop of America will have rung up more than \$400 million in sales.

Airlines, railroads, banking, entertainment, defense, utilities, health care, hotels, restaurants and telecommunications — wherever you turn these days this same process of specialization, nationalization and rapid consolidation is in full swing. Small businesses continue to find a place in the economy, serving specialized niches or

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THE AMERICAS

POLITICAL NOTES

What's a Powell Backer to Do?

WASHINGTON — Charles J. Kelly Jr., managing director of Citizens for Colin Powell and a veteran of the draft-Eisenhower campaign, has not quite figured out what to do with all the volunteers who enlisted in the Powell-for-president movement.

"We'll have to think about how not to lose the positive energy he brought into people's lives," he said.

Mr. Kelly's quandary underscores the dilemma for Republi-cans who call themselves moderates and for voters of various political beliefs who say they are most comfortable in the centrist camp. Now that Mr. Powell has decided not to run in 1996, what's a die-hard Powell moderate supposed to do?

For the moment, the choices are familiar. Democrats as well as Republicans will try to capture the centrist energy generated by the possibility of Mr. Powell's candidacy. But analysts across the political spectrum feel that neither party and no candidate is offering a true centrist program.

As quiet as they keep it, most Americans wear the moderate label. In a New York Times/CBS News Poll last month, 44 percent of Americans called themselves moderates compared with 16 percent who picked the liberal label and 34 percent who described themselves as conservative. In the same poll, Mr. Powell, a retired general and former chairman of the Joint Chiefs of Staff, was rated favorably by 43 percent of the public.

In the long term, some Republican politicians expect their front-runner, Senator Bob Dole of Kansas, to win over moderates who were attracted to a Powell candidacy. But other politicians and observers believe that Republican moderates and centrists in general will be shopping for a candidate who subscribes to the middle-of-the-road views Mr. Powell sketched out in his book tour this fall. (NYT)

Showdown on Specters' Stockade

WASHINGTON — Being a U.S. senator is not, apparently, a day at the beach. So after Arlen and Joan Specter bought a \$372,000 vacation home on the New Jersey shore last year, they built a six-foot stockade fence, which obliterated their neighbors' view of sea, sand and trees.

"It's like looking at Fort Apache," said Sylvia Shaffer, who lives next door.

The Specters were cited and hauled before the zoning adjustment board in Harvey Cedars, where Joan Specter testified that her husband, a Republican of Pennsylvania and candidate for his party's presidential nomination, needed quick and private access to their two-story duplex. She told neighbors that he also required "protection from high-powered assault weapons," said Ms. Shaffer.

Joan Specter, a four-term Philadelphia City Council member who lost her seat last week to the son of former Mayor Frank Rizzo, testified that she was shocked to learn that she was supposed to have a permit and that there was a local fence-height limit of four feet.

Officials were unmoved and offended. "Here's a major politician who doesn't even look into the local ordinances?" said one. "This is not the sticks," huffed another.

The senator had initially said that he and his wife had erected the fence because "we wanted it for our garden."

The fence flap was resolved with a variance and a compromise: The Specters have until April 15 to hack two feet off the section of fence nearest the Shaffer home and plant some trees. "They're making every effort to mend the fence," said the senator's press secretary, Margaret Camp. (WP)

Quote / Unquote

The comedian Brett Butler, at the annual Ford's Theater presidential gala in Washington, honoring the spirit of Abraham Lincoln: "Mr. Lincoln once walked a mile in the snow to return a book. Newt Gingrich walked a mile in the snow to cut funding for the small-town public library." (AP)

Away From Politics

* The space shuttle Atlantis is traveling smoothly around Earth, drawing closer to the Russian space station Mir with each orbit, the National Aeronautics and Space Administration said. Atlantis is scheduled to dock with Mir at 0627 GMT on Wednesday. The hatch between the two craft will be opened about two hours later. The crew of Atlantis will spend several days with the two Russian cosmonauts and the German crew member aboard Mir. (Reuters)

* A man who allegedly saw himself as a prophet and sent warning letters to President Bill Clinton and Governor George W. Bush of Texas was one of three people arrested on charges of plotting to build a fertilizer bomb. The man, Ray Willie Lamprey, 65, his wife, Cecilia Lamprey, 47, and John Dare Baird, 53, are charged with conspiracy to manufacture and possess a destructive device. They were being held without bond and were to appear in federal court. (AP)

* An 18-year-old man accidentally shot himself in the genitals when he tried to show his girlfriend a sawed-off shotgun in his pants, the police in Bridgeport, Connecticut, said. Kevin Hall was treated for a cut to his penis and powder burns on his thigh. The police then arrested him on several charges, including possession of a sawed-off shotgun. (AP)

* An American Airlines jetliner that made an emergency landing Sunday near Hartford, Connecticut, had encountered dangerous winds and engine problems, and it clipped a row of trees and an airport antenna during the landing at the airport in Windsor Locks, Connecticut. Some of the 72 passengers on the MD-80 jet coming from Chicago said that they had heard an explosion just before landing and that the cabin had started to fill with smoke. They slid down chutes to evacuate the plane. One of the passengers suffered a minor injury. (AP)

Canadians Investigate Alleged Airbus Bribes

OTTAWA — Canada and Switzerland are investigating allegations that Canadian politicians received bribes linked to the sale of 34 Airbus aircraft to Air Canada. Canadian police confirmed Monday the investigation of allegations concerning a 1988 deal with Airbus. News reports have suggested that some funds were sent to Swiss bank accounts.

By Joe Sexton
New York Times Service

Linking Far-Right U.S. Jews and Israeli Extremists

NEW YORK — On Jan. 5, 1994, a bomb was found outside the New York office of a Jewish group supportive of the Israeli-Palestinian peace accord. A note was left warning of a civil war in Israel.

A few months later, law enforcement officials said, 13-year-old boys were studying the Bible and firing automatic weapons at a training camp in the Catskills run by a right-wing Jewish organization known as Kahane Chai.

Last month, Amram Mitzna, a retired Israeli general who is the mayor of Haifa, was routed from a Brooklyn auditorium by hecklers denouncing Israeli government officials as traitors. And last week, on a cable television

station in Manhattan, two people sat in front of a photograph of Rabbi Meir Kahane and applauded Yigal Amir, the man who has confessed to assassinating Prime Minister Yitzhak Rabin of Israel.

Having transplanted their mix of religion and violence to Israel more than two decades ago, the followers of Rabbi Kahane, the Brooklyn-born militant who was shot down in 1990, remain a visible, dangerous presence in the United States, law enforcement officials say.

Officials with Kahane Chai, which means Kahane Lives, say they have chapters in Miami, Los Angeles, Chicago, Baltimore and Philadelphia. Although officials say they believe the number of actual members is extremely modest, they do not discount the

ability of Kahane Chai and other similar groups to inflame emotions and to intimidate or injure others.

"The size of their numbers isn't relevant," said Gary Rubin, the executive director of Americans for Peace Now, the organization whose doorstep the bomb was found in 1994. (Kahane Chai members denied responsibility for the bomb but did not condemn the episode, and law enforcement officials say they believe Kahane supporters were responsible.)

"These people exist and they are a threat," Mr. Rubin said.

As authorities in Israel developed evidence last week that the killing of Mr. Rubin was a result of a conspiracy among far-right extremists, the U.S. attorney general, Janet Reno, offered to have the Justice Department look into

whether any of those arrested in Israel were linked to people or groups in the United States. To date, no evidence of any connection has surfaced.

But U.S. officials say there could be much to look at in any inquiry into the nature and extent of American Jewish support for far-right organizations in Israel. They say it is central to the examination to determine whether some of the money raised in the United States for a range of political and charitable purposes could in fact be financing the kind of militancy that many feel threatens the move toward peace in the Middle East and that is tearing at Israel itself.

"Some of these fund-raising things

may sound benevolent," Michael Kraft, an official with the State Department's Office of Counterterrorism,

said of money-raising efforts on behalf of schools and hospitals in Israe

li settlements.

"Somebody doesn't write a check to go to Kahane Chai. It will go to some charitable organization or school that happens to be in a place that is in a settlement."

The donation, Mr. Kraft said, could be hard to track and might wind up "funneled" elsewhere.

It was clear, Mr. Kraft said, that in some instances "money is being raised through false pretenses."

With tensions raised to singular levels in the West Bank and the Israeli government's commitment to the settlements curtailed, there is unease about how much of the money going from the United States to Israel ultimately backs radical elements.

A 'Huge Week' for Bob Dole**But Potential Weaknesses Show Up, Too**

By Dan Balz
Washington Post Service

WASHINGTON — Colin L. Powell's decision not to seek the presidency in 1996 provided Bob Dole, the Senate majority leader, with a straighter path to the Republican nomination. But Mr. Powell's prospective candidacy also revealed the Kansas Republican's potential weaknesses as a challenger to President Bill Clinton in the general election.

With Mr. Powell out, Mr. Dole enjoys a lead of better than 4-to-1 over his Republican rivals in national polls, but over the last six months his image with the American people has steadily worsened, and his strength as a challenger to Mr. Clinton has similarly eroded.

Mr. Dole's problems appear directly related to negative reaction to the Republican congressional agenda, and to an improved political performance by Mr. Clinton.

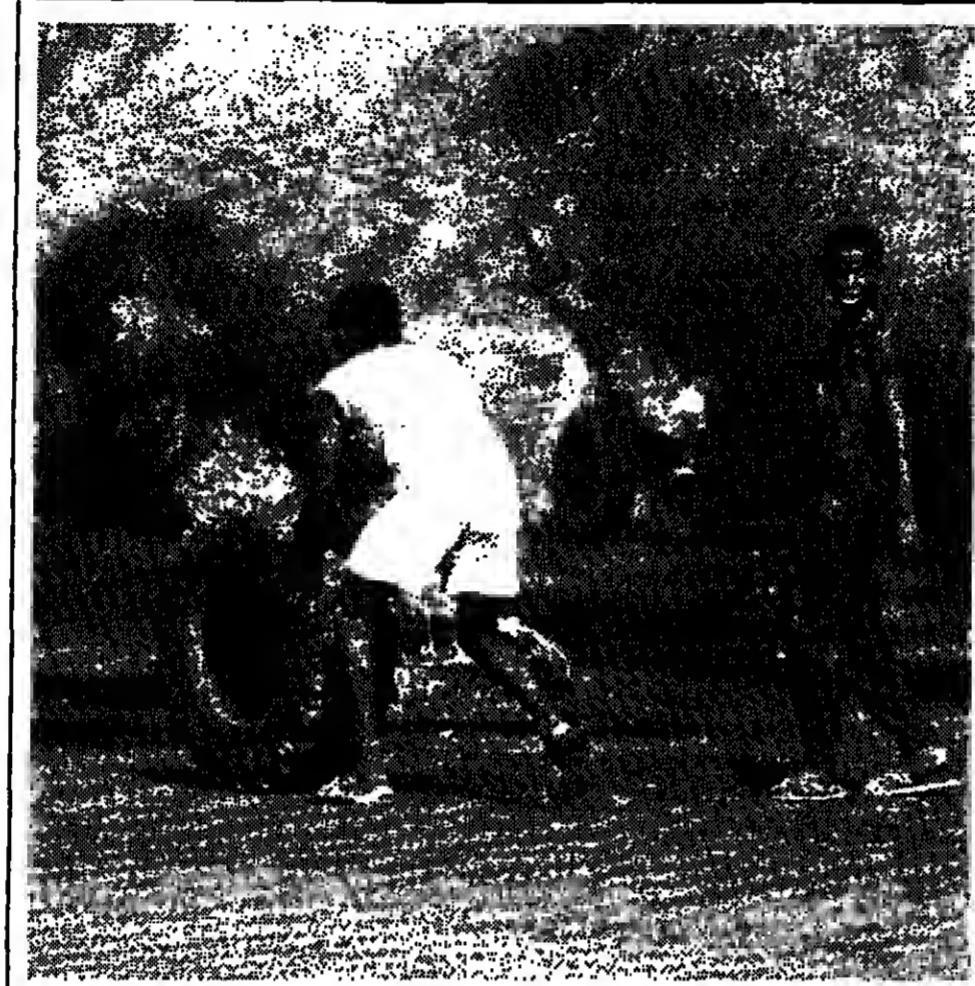
"The president is doing better, so it means those who oppose him are not going to be viewed quite as well," said Bill Lacy, Mr. Dole's deputy campaign chairman.

the House speaker, more credit for it than they do Mr. Dole.

Mr. Gingrich said Sunday on NBC's "Meet the Press" that he would make a final decision about running for president around Thanksgiving, but said it was "very, very, very unlikely" that he would become a candidate. He described Mr. Dole as "overwhelmingly now the front-runner for the nomination."

By almost any measure, Mr. Dole has just concluded one of the most successful weeks of his presidential campaign. He dispatched Mr. Powell, his strongest probable challenger to the nomination, and picked up two crucial endorsements: Governors Steve Merrill of New Hampshire and Tom Ridge of Pennsylvania. "I think it was a huge week," Mr. Lacy said.

But last week ended with disappointing poll news for Mr. Dole. A Gallup Poll for USA Today and CNN showed Mr. Dole losing to Mr. Clinton by 53 percent to 43 percent. In August, that same poll showed the two in a statistical dead heat, with Mr. Dole at 47 percent and Mr. Clinton at 46 percent.



SMOKY PROTEST IN HAITI — A demonstrator rolls a tire to add to a fire in Port-au-Prince, the Haitian capital, to protest the assassination of a member of Parliament, Jean-Hubert Feuille, a cousin of President Jean-Bertrand Aristide.

Court to Hear Free-Speech Case On Indecent Cable TV Shows

The Associated Press

WASHINGTON — The Supreme Court agreed Monday to hear a free-speech challenge to a federal law aimed at restricting indecent programs on cable television channels.

The court said it would consider arguments that the law and federal rules stemming from it will lead to censorship in violation of the Constitution's First Amendment.

The provisions have not taken effect during the legal challenge.

lenger by local program producers and viewers.

The case involves channels that cable companies are required to lease to local groups, as well as those set aside for public access.

If a cable company does not want to bar such material, any indecent programs shown must be segregated on blocked channels that can be unblocked only by a subscriber's request.

The law also makes cable companies liable for any programs that violate obscenity laws.

In other actions, the court made the following decisions:

It agreed to study the case of a North Carolina man dismissed after his supervisor said he had become too old "for this kind of work."

It rejected the appeal of a lesbian mother seeking to prevent her former lover from having any place in her 6-year-old son's life. The action allows the former lover to prove she is entitled to visitation rights.

It threw out an appeal by a San Francisco man convicted and sentenced to death for seven "trailing slayings" in northern California parks in 1980 and 1981.

Charles Scribner Jr. succeeded his father in 1952 as chief of the family publishing house, which was founded by his great-grandfather in 1846. Charles Scribner Jr. oversaw its operations until 1984, when it was acquired by Macmillan.

He was also Ernest Hemingway's personal editor and publisher in the last part of Hemingway's career. "He once gave me some rules of life," Mr. Scribner once recalled. "Among them: 'Always do sober what you said you'd do when you were drunk. That will teach you to keep your mouth shut!'

Charles Scribner Jr. Dies

New York Times Service

NEW YORK — Charles Scribner Jr., 74, the longtime head of Charles Scribner's Sons book publishing company, died of pneumonia Saturday at a nursing home. He also had suffered for a decade from a degenerative neurological disorder, his son Charles Scribner 3d said.

Charles Scribner Jr. succeeded his father in 1952 as chief of the family publishing house, which was founded by his great-grandfather in 1846. Charles Scribner Jr. oversaw its operations until 1984, when it was acquired by Macmillan.

He was also Ernest Hemingway's personal editor and publisher in the last part of Hemingway's career. "He once gave me some rules of life," Mr. Scribner once recalled. "Among them: 'Always do sober what you said you'd do when you were drunk. That will teach you to keep your mouth shut!'

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ASIA

Southeast Asian Countries Divided on Trade Liberalization Before Summit

By Michael Richardson
International Herald Tribune

OSAKA, Japan — Sharp divisions are showing through the impressive common front usually presented by ASEAN as the group's officials and other members of a Pacific Rim trade group prepare here for their annual meeting on Sunday.

The disagreements concern whether countries of the Association of South East Asian Nations should have the right to exclude politically sensitive sectors of their economies from a regional free trade arrangement being negotiated by the Asia-

Pacific Economic Cooperation forum. APEC, an 18-member trans-Pacific trade and economic cooperation group, will hold its ministerial meeting in Osaka on Thursday and Friday and the leaders' summit on Sunday.

ASEAN's divisions mirror the sharp divide in APEC itself over demands by Japan, China, South Korea and Taiwan for special treatment for their agriculture, particularly rice.

ASEAN's position on this issue is being closely watched by countries like the United States, Australia and Canada that are leading the fight to ensure that all sectors are included in

the APEC plan to achieve free and open trade and investment in the region by no later than 2020.

Senior APEC officials on Monday agreed to leave four difficult issues, including agriculture, to be resolved at the meeting of the group's foreign and trade ministers on Thursday and Friday. Japanese government officials said.

In recent comments that are certain to cause offense to President Suharto of Indonesia, Rafidah Aziz, Malaysia's minister for international trade and industry, said that the split in APEC over exempting sectors such as agriculture from the regional free trade plan could be traced to the

1994 summit in Bogor, Indonesia, "which did not take into account the rumbling of dissent" among members.

Malaysia's prime minister, Mahathir bin Mohamad, made a similarly pointed criticism of the way the Indonesian summit was prepared and run.

[Mr. Mahathir said Monday that his country would not be held to APEC deadlines for opening its markets, but he expected progress on a farm trade dispute at the summit. Reuters reported from Auckland.]

"We cannot be held down for any particular date," Mr. Mahathir told a news conference at the Com-

monwealth meeting in New Zealand. "We must be allowed to consider whether we are ready or not ready to open up our markets."

APEC unity in its approach to APEC was openly shattered in 1993 when Mr. Mahathir boycotted the Seattle summit hosted by President Bill Clinton on the grounds that Malaysia had not been adequately consulted in advance.

Malaysia also said it was concerned that APEC was becoming dominated by its more powerful developed members, overshadowing and weakening ASEAN, which has emerged as one of the world's most effective regional cooperation bodies since it was formed in 1967. This year, although Mr. Mahathir announced recently that he would go to Osaki, the divisions in ASEAN over APEC appear deeper than ever.

Indonesia, Singapore, Thailand and Brunei have joined Australia, the United States and a majority of APEC members in supporting comprehensive coverage for free trade.

They argue that different treatment for sensitive sectors would undermine APEC's credibility and could unravel the liberalization process.

"If several countries want to exempt certain sectors from the agenda, others will want to do the same,"

said Bintoro Tjokroamidjojo, Mr. Suharto's special assistant for APEC.

"In the end, all we will have is an empty basket."

In a recent interview, Goh Chok Tong, Singapore's prime minister, said that liberalizing trade was a painful process and had a political cost.

"However, over the long run, the reduction of tariffs and other barriers to trade will benefit our respective economies," he said.

"Sensitive sectors can be liberalized at a slow pace," he added. "The Bogor declaration allows for that."

Sri Lanka Says Assault Killed Tamil Sought in Gandhi Murder

Agence France-Presse

COLOMBO — Sri Lankan troops closing in on the Tamil Tiger rebel bastion of Jaffna have killed a woman guerrilla wanted for involvement in the assassination of Rajiv Gandhi, India's former prime minister, the military said Monday.

But the troops, numbering thousands, faced fierce resistance by the Liberation Tigers of Tamil Eelam in the northern peninsula of Jaffna, Tamil sources and military officials said.

The chief army spokesman, Sarath Mu-nasinghe, said the army, backed by the air force and heavy artillery, was poised to storm the Jaffna town citadel, almost a month after launching the biggest military offensive since 1987.

"We are very close to the Jaffna university," he said. "We can go into Jaffna anytime."

At least 319 soldiers and 1,459 guerrillas have been killed since the offensive began on Oct. 17. It was halted after two weeks but resumed again Friday.

The rebels, who have withdrawn from several areas in Jaffna in the face of the army onslaught, announced the death of the leader of their women's guerrilla wing known by her nom de guerre, Akila.

Lieutenant Colonel Akila attained martyrdom in the defense of Jaffna, said a statement faxed from the rebels' London office. She died about two weeks ago.

Akila was wanted by New Delhi along with the rebel leader, Velupillai Prabhakaran, and intelligence chief, Pottu Amman, in 1991 assassination of Mr. Gandhi.



Nuclear protesters marching at the French Embassy in Kuala Lumpur.

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South Korea Opposition Chief Sees a Plot

Agence France-Presse

SEOUL — Kim Dae Jung, South Korea's opposition leader, on Monday pledged an "all or nothing" battle against what he called President Kim Young Sam's plot to destroy him politically in the country's slush fund scandal.

"There will be no more compromise," he declared at a caucus of his National Congress for New Politics.

Kim Dae Jung, a strong opposition presidential hopeful in 1992, accused the president of using the scandal as a political assassination tool.

"I have never been engaged

in such shameful and dirty games in my life," the opposition leader said.

He urged his party to launch a "do or die" campaign to prove that the president had received slush funds from his disgraced predecessor, Roh Ta Woo, to finance his 1992 presidential race.

Earlier, Kim Dae Jung said he had received \$2.5 million from Mr. Roh for his unsuccessful presidential bid in 1992.

But he conceded that Kim Young Sam, the nation's first non-military-backed president in three decades, took "much more" from Mr. Roh, who has

admitted raising a \$650-million slush fund while in office from 1987 to 1993.

The two Kims, although both former dissidents, have remained bitter rivals, quietly joining only to combat conservatives associated with past authoritarian governments.

"We must take this scandal as an opportunity to eliminate old time politics," the party leader said, singling out Kim Dae Jung.

On Monday, Mr. Kang, a close associate of Kim Young Sam, called again for Kim Dae Jung's retirement from politics, urging that the probe used to end "shameless and immoral political practices."

Jiang, Visiting Seoul, Seals Relationship

Reuters

SEOUL — President Jiang Zemin of China arrived Monday for a five-day visit, signaling Beijing's new intimacy with Seoul and its cooling toward its old Communist ally Pyongyang, according to diplomats.

Mr. Jiang, the first Chinese head of state to visit South Korea, was accompanied by Foreign Minister Qian Qichen and other senior Chinese leaders.

Diplomatic relations were established in 1992. Since then, South Korean companies have rushed heading into the Chinese market, investing billions of dollars in factories and property along China's booming coast.

Mr. Jiang is scheduled to meet his South Korean counterpart, Kim Young Sam, on Tuesday to discuss economic cooperation and issues of peace and security on the divided Korean Peninsula.

The trip coincides with a crisis in South Korea's ties with North Korea.

Brushing aside a goodwill gesture of free rice aid from Seoul, the North in May detained a Southern brawler and its crew and refused requests to release them. In recent weeks two spy incursions from across the border have provoked full-scale security alerts in South Korea.

Mr. Jiang is to tour Samsung Electronics Co., Hyundai Motor Co. and Hyundai Heavy Industries Co. in South Korea's manufacturing heartland.

The fund was set up in 1987 to offer soft loans to Korean companies investing in developing nations in the region.

Mr. Jiang is to tour Samsung Electronics Co., Hyundai Motor Co. and Hyundai Heavy Industries Co. in South Korea's manufacturing heartland.

He leaves for Osaka on Friday to attend the Asia-Pacific Economic Cooperation forum.

BRIEFLY ASIA

New Challenge to Taiwan Leader

TAIPEI — The division in the governing Nationalist Party was underscored Monday with the announcement that former Prime Minister Hau Pei-tsun would join another party member in running against the ticket of President Lee Teng-hui in March presidential elections.

Lin Yang-kang, who has defied party rules by announcing an independent candidacy for the presidency, said that Mr. Hau had agreed to be his running mate.

Both men are deputy chairmen of the Nationalist Party and leaders of the so-called mainstream faction, which opposes Mr. Lee on several fronts.

Dhaka Political Crisis Deepens

DHAKA, Bangladesh — Opposition activists fought battles with the police Monday on the third day of a national strike as hopes faded for a peaceful resolution to a deepening political crisis.

Witnesses said heavily armed police had chased hundreds of protesters chanting for Prime Minister Khaleda Zia to resign and open the way for elections. Strikers threw stones at security forces, a witness said. There were no immediate reports of injuries.

Sources in the governing Bangladesh Nationalist Party said they regretted a decision by the opposition leader Hasina Wazed to reject talks with Begum Zia.

(Reuters)

East Timor Security Forces Seize 4

DILI, East Timor — Indonesian security forces arrested four people in East Timor during the anniversary of the 1991 killing of unarmed protesters by Indonesian troops, the police said Monday. The charges and names of those arrested were not given.

The East Timor police chief, Colonel Andreas Sugianto, said that a banner and flag of the Fretilin guerrilla movement also had been confiscated Sunday.

(Reuters)

Killer of Aum Cult Chemist Jailed

TOKYO — A gangster was sentenced to 12 years in prison Monday for killing a leader of the Aum Shinrikyo cult.

In pronouncing the sentence on Hiroyuki Jo, the Tokyo District Court said that he had seriously damaged the investigation into a deadly nerve gas attack on the Tokyo subway by killing Hideo Mura, who had been responsible for the cult's chemical research.

(AP)

Manila Repatriates 14 Chinese

MANILA — Fourteen Chinese fishermen shipwrecked last month in the disputed Spratly Islands were flown to China on Monday, the Department of Foreign Affairs said.

The fishermen left on a Philippine Airlines plane bound for Xiamen, the department said. They had been given shelter by a Philippine Navy detachment on Likas Island, where their fishing vessel ran aground Oct. 25.

(AP)



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EUROPE

From Russia to North Africa, Europe Sees New Threats*Agence France-Presse*

MADRID — The possibility of mass migration from Algeria or the disruption of energy supplies from the former Soviet Union represent major new threats to European security, according to a document to be adopted Tuesday by 27 European states here.

Biological or chemical weapons technology falling into the hands of terrorists, the possibility of former Soviet scientists promoting nuclear proliferation and the growing risk of environmental disasters on the Chernobyl scale are also seen as risks that need to be addressed now that the end of the Cold War has made "mas-

sive military confrontation a remote prospect," it said.

The document, a copy of which was obtained by AFP, is to be approved by foreign and defense ministers from the 10 member states of the Western European Union and 17 other countries that have various links to the organization.

The document makes no explicit reference to the civil war in Algeria, but concern that a seizure of power by Islamic fundamentalists could promote a mass exodus toward France, Italy and Spain is a barely disguised theme running through the 39-page paper.

"Increased instability and the weakness of democratic institutions in parts of North Africa are today sources of great concern for Europe as a whole," one section notes.

It goes on to say that "the nature of the security risk is mainly connected with the challenge represented by extremist movements, the asymmetry between Europe and North Africa in economic wealth and in population growth."

Other sections note that problems associated with uncontrolled or illegal migration have become "an issue relevant to European security." The document identifies the Mediterranean

basin as an area of strategic importance for Europe, meriting particular attention from the WEU.

Algeria is one of six Mediterranean states with which the organization has begun a security dialogue. The development of the WEU's limited capacity to intervene in crises also points to a potential role for it in the event of an explosion in Algeria.

The WEU is currently developing a capacity to evacuate civilians from crisis zones and the most important military forces made available to it, Euroforce and Euromaritime, are designed to respond to a Mediterranean crisis.

From permanent headquarters in Florence, Euroforce is able to rapidly assemble 10,000 troops from France, Italy, Portugal and Spain. Euromaritime is a naval sister force.

On Russia, the document states bluntly that "Russian energy supplies are critical for Europe."

It also highlights the vulnerability of gas and oil supplies conveyed to Europe by pipelines "through areas of uncertain stability."

In response to these new threats, the document points the way to a continuing reinforcement of the WEU's military capacity to carry out peacekeeping and humanitarian missions.

Paris Reacts Coolly to Dane Seeking NATO PostBy Craig R. Whitney
New York Times Service

PARIS — The former foreign minister of Denmark asked France on Monday to support him for the post of NATO secretary-general, but French officials said he got no encouragement.

Diplomats said it was virtually certain that President Jacques Chirac would veto the Danish candidate, Uffe Elleemann-Jensen, despite entreaties from the United States and the three Nordic countries that support him — Denmark, Norway, and Iceland.

Mr. Elleemann-Jensen got a cool re-

ception Monday afternoon from Foreign Minister Hervé de Charette, three days after Mr. Chirac's favorite candidate for the NATO job, former Prime Minister Ruud Lubbers of the Netherlands, withdrew his candidacy because of Clinton administration opposition.

The post has been vacant since Willy Claes of Belgium resigned Oct. 20 to face an investigation into a Belgian arms procurement scandal.

"I saw Mr. Lubbers at his request. I also saw Mr. Elleemann-Jensen at his request," Mr. de Charette said Monday evening.

Mr. de Charette's main aim, diplomats said, was to see how well Mr.

Elleemann-Jensen spoke French.

Not well enough, apparently. French officials say that Mr. Chirac wants a NATO secretary-general who can restore French fully to its status as one of the alliance's two official languages, which it has remained despite France's withdrawal from the North Atlantic Treaty Organization's military command structure in 1966.

NATO governments would begin rethinking the issue of the NATO succession, Mr. de Charette said, in effect ruling out Mr. Elleemann-Jensen, but the process would take some time.

One official said that as Danish foreign minister in 1992 and 1993, Mr.

Elleemann-Jensen had been so strongly critical of Greece's actions in imposing a trade embargo on the former Yugoslav republic of Macedonia that Greece, too, probably would be unwilling to accept him in NATO's top civilian post.

Foreign Minister Klaus Kinkel of Germany and Mr. de Charette said Monday night after a meeting of other masters here that they had discussed the NATO succession but decided not to make their thoughts public. They and most of the other European allies will gather in Madrid on Tuesday for a meeting of the military arm of the European Union.

Judges Halt Berlin Wall Deaths Trial*Reuters*

BERLIN — A Berlin court on Monday postponed the trial of East Germany's last hard-line Communist leader, Egon Krenz, for the deaths of citizens fleeing over the Berlin Wall after his lawyer objected that the trial judges were biased.

Mr. Krenz's lawyer asserted that three of the five judges had effectively prejudged the case by agreeing last week to upgrade the charges against Mr. Krenz and five other former members of the Communist Party Politburo.

The judges decided to postpone the trial for a week to allow the objection to be examined.

The six men face a total of 47 charges of manslaughter and 24 charges of attempted manslaughter.

"The defendant is convinced that the judges have already made a final judgment, to his detriment," Mr. Krenz's lawyer, Robert Unger, told the court in a written submission.

The lawyer for another of the defendants, Günter Schabowski, the Poliburo spokesman, lodged a similar appeal that targeted the presiding judge.

The others on trial are Kurt Hager, Horst Dohla, Günther Kleiber and Erich Mielkeberger.

Party Backs Kinkel as Wave of Criticism Mounts*Reuters*

BONN — Foreign Minister Klaus Kinkel was under fire from all but his closest allies on Monday as commentators, academics and diplomats joined a chorus criticizing his handling of an aborted conference on Islam.

Mr. Kinkel's Free Democratic Party, which split last Friday when Parliament voted to withdraw an invitation he had given to Foreign Minister Ali Akbar Velayati of Iran, finally lined up behind him at a leadership meeting in Stuttgart.

But experts on the Muslim world, which Mr. Kinkel wanted to woo with the conference that he abruptly postponed after the surprise parliamentary res-

olution against him, said the minister's diplomatic initiative had backfired badly.

"We have slapped the moderate Islamic states in the face," said Gernot Rotter, a Hamburg University orientalist.

"They must think we have made Velayati into an Islamic pope," he said.

The Frankfurter Allgemeine Zeitung wrote: "In his stubbornness, Kinkel has opted for the worst of all possible solutions. One can't blame the opposition for urging him to resign." Mr. Kinkel defied calls for his resignation over the weekend after deputies from both opposition and government ranks joined to hand Chancellor Helmut Kohl's

coalition its first defeat in this legislative period.

The deputies were outraged by a remark of the Iranian president, Ali Akbar Hashemi Rafsanjani, that the murder of Prime Minister Yitzhak Rabin was "divine revenge" for the killing last month of the Islamic Jihad leader, Fathi Shqaqi, in Malta.

It was a direct slap at Mr. Kinkel, whose policy is to pursue a "critical dialogue" with Iran and who had defended Mr. Velayati's presence at the conference.

Stung by the vote, Mr. Kinkel postponed the conference, which ministers from Bosnia, Turkey, Egypt, Tunisia, Morocco and Pakistan

had also been set to attend this week. That drew fresh fire from opposition deputies, who said Mr. Kinkel had missed the point.

Mr. Rotter said Mr. Kinkel should not let Iran upset the dialogue Bonn seeks with other Islamic countries to avoid potentially dangerous resentments and misunderstandings developing between Christian Europe and Muslims.

"It is very important to talk with liberal and moderate forces in the Islamic world," he told German radio. "The dialogue with Iran is being conducted by businessmen anyway."

The Bonn ambassador of a prominent Islamic country said a real dialogue could only take place if the hosts invited provocative figures like Iranians and the Sudanese fundamentalist leader Hassan Turabi, as well as conservative U.S. congressmen who want about a new "Islamic menace."

"If you just invite the moderates on both sides, everybody will end up saying, 'You're not so bad and we're not so bad either,'" said the envoy.

"The dialogue has to be serious," he said. "This may not be the time to do this at the political level."

The Free Democrats, whose honorary chairman, Otto Lambdorff, voted with the opposition Friday, backed Mr. Kinkel Monday and said it saw no alternative to his foreign policy.

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BRIEFLY EUROPE**EU and Morocco Sign Fish Pact**

BRUSSELS — The European Union and Morocco initiated a new four-year fisheries agreement on Monday that will allow mainly Spanish fishing vessels to return to Moroccan fishing grounds, a European Commission spokesman said.

On Saturday, the Union and Morocco concluded a trade and cooperation agreement allowing the fisheries deal to be tied up after a political compromise struck on Oct. 13.

The EU will now reduce fishing in Moroccan waters and will land part of its catch in Moroccan ports. (Reuters)

Trade Compensation Weighed

BRUSSELS — European Union officials, facing a year-end deadline, are pushing ahead with an accord to compensate the bloc's trading partners for the accession of Finland, Austria and Sweden last January, trade sources on Monday. The European Commission, revising its tactics at the end of the Uruguay Round of the General Agreement on Tariffs and Trade, is focusing on the United States initially, since Washington can retaliate with sanctions if unsatisfied.

Most aspects of the U.S. compensation plan, which is being used as a blueprint for concessions to be offered in Geneva to the European Union's other trading partners, have been effectively tied up. But agriculture, although only a small part of the package, is proving to be problematic. (Reuters)

Yeltsin Increases His Workload

MOSCOW — President Boris N. Yeltsin held several official meetings and phone conversations on Monday, significantly increasing his workload as he recuperates from a heart ailment in the hospital, officials said.

Mr. Yeltsin's working time has been "considerably expanded" and now nearly corresponds to the daily routine he maintains when working in the Kremlin, said the president's spokesman, Sergei Medvedev. (AP)

Spanish Pullout on Eurofighter?

MADRID — The Spanish Defense Ministry said Monday that it had no comment on a report that Spain planned to pull out of the costly four-nation Eurofighter project.

Citing unidentified defense sources, El Mundo said Sunday that Spain planned to quit the Eurofighter project as soon as Germany takes the first step in questioning the program's viability. Representatives of the four nations are expected to meet Thursday in Rome to discuss the project. (AP)

Calendar

European Union events scheduled for Tuesday:

STRASBOURG: Weekly meeting of the European Commission.

BRUSSELS: Meeting of study group charged with preparing the intergovernmental conference of the 15 EU member states in 1996 on the reform of European institutions.

STRASBOURG: Jacques Santer, president of the European Commission, meets with the UN Secretary-General Boutros Ghali.

LONDON: Edith Cresson, commissioner in charge of research and development, meets with the British education minister, Eric Forth, and the science minister, Ian Taylor.

Sources: Agence Europe, AFP

INTERNATIONAL

Poor Mexican State Rejects Leftist Party

By Tod Robberson
Washington Post Service

MORELIA, Mexico — Voters in the impoverished state of Michoacan, cradle of Mexico's main liberal opposition party, appear to have crushed the left's hopes of winning a long-sought gubernatorial seat.

Despite signs that the state's poverty is deepening as the Mexican peso slides to record low exchange rates, exit polls Sunday indicated that Michoacan voters overwhelmingly elected to keep the long-governing Institutional Revolutionary Party, whose candidate here is Victor Tinoco, in the governor's office.

Their decision bucked a nationwide trend that had dealt defeats to the governing party in three of the last five gubernatorial elections. The vote suggested clear rejection of the socialist economic policies offered by the Party of Democratic Revolution, which regards Michoacan as its main bastion of support.

With 35 percent of the votes counted Monday, the state electoral institute said the governing was holding onto power in the state with 38.2 percent. The conservative National Action Party was second with 31.1 percent, while the Party of Democ-

catic Revolution trailed third with 27.5 percent.

While the apparent governing party victory came as little surprise to voters here, who have seen no other party represented in the governor's palace this century, political analysts said they had expected a closer race.

The Party of Democratic Revolution's showing appeared to be the result of a sizable shift in voter preference to its rightist counterpart, National Action, which until now had little following in this Pacific Coast farming state.

National Action, which has gained enormous political capital from voter outrage over Mexico's 11-month-old economic crisis, hoped to mirror the same strong performance that led it to landmark victories in three other gubernatorial races this year, Democratic Revolution, the No. 3 party in terms of federal legislative seats, has never won a governorship.

Sunday, millions of voters headed to the polls in six states and Mexico City for local and statewide elections, but Michoacan, the only state with a governorship at stake, was seen as the key test of the leftist opposition's continued viability on a national scale.

Lima Picks A Mayor, Rebuffing Fujimori

By Calvin Sims
New York Times Service

LIMA — In a major setback for President Alberto Fujimori of Peru, one of his closest political allies has been defeated in the election for mayor of Lima, underscoring growing discontent with Mr. Fujimori's concentration of power.

Mr. Fujimori's candidate, Jaime Yoshiyama, a former president of the Congress, conceded his loss soon after the polls and pledged to work with the winner, Alberto Andrade.

Unofficial vote tallies by television stations indicated that Mr. Andrade captured about 55 percent of the vote.

An experienced public administrator who served two terms as mayor of a wealthy district of Lima, Mr. Andrade said one of his first steps would be to clean up Lima. Pollution, poor sanitation, crime and the growing number of street vendors were among the campaign issues.

"Lima is in crisis and it doesn't want to get any worse," Mr. Andrade said. "It's necessary for all of us to work together — President Fujimori and the Congress — to fix the problems."

In a typical comment, José María Torres, 42, a lawyer, said he had voted for Mr. Andrade to send a message to Mr. Fujimori.

"He rules at the will of the people, and unless he starts addressing Peru's problems, he can forget about his party winning in the next election," Mr. Torres said.

Santiago Pedraglio, a political analyst, said: "The people don't want all the power of our government concentrated in the hands of Fujimori. This represents a setback for the government, for President Fujimori and his future."

Although Mr. Fujimori retains an 80 percent approval rating, he has been criticized lately for his authoritarian management style and for failing to cut poverty and unemployment.



KOHL IN CHINA — Chancellor Helmut Kohl reviewing an honor guard in Beijing on Monday with Prime Minister Li Peng. Mr. Kohl arrived for a five-day visit with a group of 45 representatives of German companies.

Rebels Step Up Bombings In Algeria

Reuters
ALGIERS — Muslim rebels stepped up bomb attacks ahead of Algeria's presidential election this week, while the authorities on Monday deployed security forces to try to reassure 15 million voters caught in the confrontation.

In barracks and police stations around the North African country, off-duty soldiers and members of security forces started voting — three days early — so that the nation's military might will be free to face Muslim fundamentalists pledged to wreck Thursday's election.

On Monday, the last day of campaigning for the four men contesting Thursday's vote, Algerian newspapers reported at least six attempted bomb attacks, including one by a suicide bomber that wounded a dozen women and children.

To try to limit potential targets for rebel attack, the Interior Ministry announced that all weekly markets would be closed and all sporting events suspended for five days.

The movement of heavy vehicles — some of which have been used as massive bombs or to ferry Muslim rebels for mass attacks — is also to be strictly controlled, the ministry said.

Newspapers said gas supplies to the northeastern town of Tizi Ouzou were cut because of suspected sabotage last Friday, and some residents of Algiers said they were buying gas bottles and filling old ones in case of similar problems in the city.

The election pits the incumbent, appointed president, Lamine Zeroual, against an Islamist, Mahfoud Nehmeh, an anti-Islamist, Said Saadi, and a moderate Islamist intellectual, Noureddin Boukrouh. Mr. Zeroual is favored to win.

Algeria's main legal opposition is boycotting the election, which it terms a ploy by the military to cling to power.

Muslim rebels have been trying to topple the authorities since a general election they were poised to win was scrapped.

Tanzania Opposition Pulls Out of Race

Reuters

DAR ES SALAAM, Tanzania — All opposition candidates withdrew from Tanzania's presidential race Monday, paving the way for the ruling party's Benjamin Mkapa to become head of state.

At a news conference, a coalition of 10 opposition parties said they would also boycott repeat presidential and parliamentary voting in the capital, Dar es Salaam, scheduled for next Sunday.

"Because of the irregularities that took place everywhere, I do not see any point in contesting the presidency," said Augustine Mrema, leader and presidential candidate

for the NCCR-Mageuzi party. He said the opposition had no confidence in the National Electoral Commission, which ran the Oct. 29 election that was called chaotic by independent monitors and described as rigged by the opposition.

Ibrahim Lipumba of the Civic United Front and John Cheyo, leader of the United Democratic Party, also announced they were withdrawing from the presidential race.

The High Court earlier Monday rejected an opposition application to have the planned rerun of voting in Dar es Salaam canceled and another opposition bid to suspend the announcement of presidential

election results. In an hourlong ruling, Judge Josephat Mackanja dismissed the application for the rerun to be scrapped, saying the opposition had not shown how it would suffer if it went ahead.

The three-man court also rejected an opposition application for the suspension of the official announcement next Sunday of results from the presidential vote on Oct. 29.

The ruling Chama Cha Mapinduzi, or Party for the Revolution, was poised for landslide victory in the parliamentary race, having gained 80 percent of the seats so far.

UNION: Commission Drops Opposition to Tougher Rules on Budget

Continued from Page 1

ing stance on monetary union has upset Germany's partners in the past two months and led many EU officials to question Bonn's commitment to a single currency. But Mr. Waigel has insisted that tighter budget criteria are needed to reassure financial markets and a skeptical German public that the future

currency will be as strong and stable as the Deutsche mark.

Finance Minister Jean Anthoine of France, who first warmed to the idea of tighter budget constraints at an EU

monetary meeting in Spain at the end of September, gave a clear endorsement of Mr. Waigel's proposed stability pact

in an interview in the Financial Times on Monday, although he did not specifically endorse the idea of automatic sanctions.

Previously, European Commission officials had opposed any additional budgetary restraints on the grounds that it would require a renegotiation of the Maastricht treaty.

Rightist Takes the Lead In Guatemala Election

Reuters

GUATEMALA — A rightist candidate has taken an early lead in Guatemala's presidential elections, but he said it was not clear if he would pull off a first-round victory as his supporters have already claimed.

"We are awaiting the results, we are fluctuating between 49 percent and 51 percent," said the candidate, Alvaro Arzú Irigoyen. He added that a first-round victory was "feasible."

Shortly after midnight Sunday, a power cut plunged Guatemala City and large parts of the country into darkness and 45 percent of the vote.

There was no immediate explanation for the power cut.

Early results from the Supreme Electoral Tribunal showed Mr. Arzú winning 61.8 percent of the votes in Guatemala City.

Supporters set off fireworks and waved flags outside the party's headquarters, even though only 5 percent of the ballots had been counted in the capital. Unofficial returns from rural areas showed Mr. Arzú gaining 40 to

45 percent of the vote.

Santiago Pedraglio, a political analyst, said: "The people don't want all the power of our government concentrated in the hands of Fujimori. This represents a setback for the government, for President Fujimori and his future."

Although Mr. Fujimori retains an 80 percent approval rating, he has been criticized lately for his authoritarian management style and for failing to cut poverty and unemployment.

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UN Panel Charges 6 as War Criminals

Bosnian Croats Accused Of Persecuting Muslims

By William Drostiak
Washington Post Service

The United Nations criminal tribunal for the former Yugoslavia charged six leading Bosnian Croats with war crimes Monday for "the persecution on political, racial and religious grounds" of Muslims in central Bosnia in 1992 and 1993.

The latest indictments from the Hague court accused Dario Kordic, vice president of the Croatian community in Bosnia, and Tihomir Blaskic, chief of staff of the Bosnian Croat army, of crimes against humanity carried out on "such a large scale."

Mr. Milosevic is negotiating on behalf of the Bosnian Serbs and has balked at requests to turn over Mr. Karadzic and Mr. Mladic.

Investigators are accumulating evidence that could lead to war crimes charges being filed soon against Mr. Milosevic, tribunal sources said.

While Presidents Alija Izetbegovic of Bosnia and Franjo Tudjman of Croatia have voiced support for the tribunal's work in the past, the indictments could prove to be an embarrassment for them. Only last week, Mr. Izetbegovic and Mr. Tudjman agreed to reinforce the powers of the Muslim-Croat federation.

Four other Bosnian Croats were accused of lesser charges involving breaches of the 1949 Geneva Convention stipulating laws or customs of war.

The Hague tribunal has now indicted fifty-two people on war crimes, most of them Bosnian Serbs. Only one suspect, Dusko Tadic, is now in custody and facing imminent trial.

The charges against Mr. Kordic and Mr. Blaskic — two of the most important political and military leaders in Bosnia's Croatian community — could present a grave political problem for the new Muslim-Croat federation that was set up with American assistance last year as a bulwark against Serb expansionism.

If the Croats are not arrested and sent to the Hague for trial, it could undermine a key aspect of the prospective peace accord being worked out in Ohio and offer a welcome pretext to the Serbs to maintain their refusal to cooperate with the tribunal.

The leader of the Bosnian Serbs, Radovan Karadzic, and their military commander, Ratko Mladic, stand indicted for war crimes, and their extradition for trial has emerged as a key stumbling block to Bosnia's political fate.

The United States has insisted that cooperation with the tribunal on war crimes issues must be respected by all parties to the peace deal now being negotiated in Dayton, Ohio, among the leaders of Bosnia.

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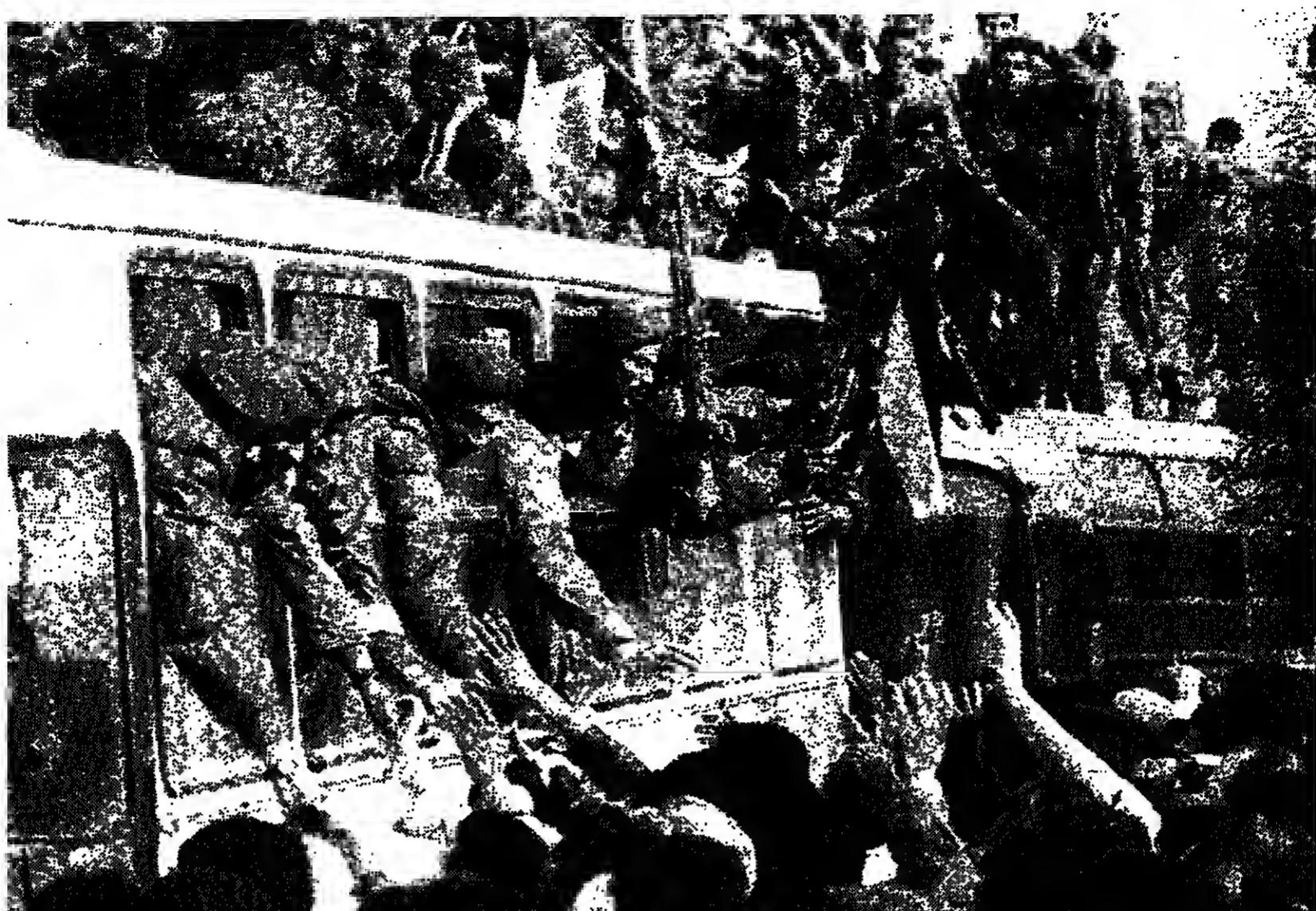
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Palestinians cheering police officers who arrived by bus in the West Bank town of Jenin on Monday to replace Israeli policemen ahead of schedule.

Pullback and Air Strikes Mark Israeli Succession

By Serge Schmemann
New York Times Service

of Prime Minister Yitzhak Rabin. They provided a clear sign that Mr. Peres intended to pursue the peaceful disengagement with the Palestinians, and also to assume Mr. Rabin's soldier's mantle as the scourge of Arabs who rejected Israel's offer of peace.

Mr. Peres was said to be seeking that same image of continuity and strength in the formation of his new cabinet. Speculation grew that he would retain the Defense Ministry for himself, as Mr. Rabin had, while raising three rising Labor stars to new prominence.

The army said that warplanes had pounded villages in Lebanon where one of the most radical Palestinian guerrilla groups, the Popular Front for the Liberation of Palestine-General Command, has its strongholds. No immediate explanation for the attack was offered, nor were there any reports on casualties.

At the same time, the last Israeli soldiers drove out before dawn from Jenin, the northernmost Palestinian city in the West Bank, turning full control of the

city of 40,000 over to Palestinian policemen and touching off daylong jubilation.

Under the Israeli-Palestinian agreement signed in September, Israel to turn control of all major West Bank cities over to the Palestinians by the end of the year, except for Hebron, where special arrangements will be made to safeguard militant Jewish settlers.

Mr. Peres's refusal to postpone the withdrawal after Mr. Rabin's assassination made clear his intention to continue the West Bank disengagement at full tilt, a message underscored by Yasir Arafat, the Palestinian leader.

"This is the first step, the very important step to implement what we bad agreed upon, and we have to thank Mr. Peres for fulfilling his promises to implement what we agreed upon," Mr. Arafat said at his headquarters in Gaza.

On the domestic front, Mr. Peres and the leader of the opposition Likud bloc, Benjamin Netanyahu, met and agreed to lower the temperature of the political debate. After the assassination, many supporters of Mr. Rabin, and most notably his widow, Leah, assailed the political right and Mr. Netanyahu in particular for having condoned the escalation of political violence to the level where Mr. Rabin was roundly denounced as a traitor and murderer.

"We have to prevent having verbal gallows in Israel, or killers invoking the name of God while they are really the devil's emissaries," Mr. Peres told a special memorial session of the Parliament.

Speaking to the same meeting, Mr. Netanyahu urged restraint also in indiscriminate condemnation of all Orthodox Jews.

"In this battle against the extreme fringe," Mr. Netanyahu said, "we must take care not to place collective blame on an entire community which is loyal to the State and acts within the framework of law — and I refer in particular to the religious community, which has been severely attacked these days."

Main Effects on U.S. Services

Reuters

WASHINGTON — Nonessential elements of the U.S. government were to close beginning at midnight Monday, barring a last-minute compromise between President Bill Clinton and the Republican Congress over a temporary spending bill.

About 800,000 "nonessential" federal workers would be idled. These will be the main effects:

• Embassies: All stay open, but most would provide minimal services, such as emergency visas. Posts were being reviewed to determine which would operate at 100 percent staffing because of overriding U.S. national interests.

• Law enforcement: The FBI, border patrol posts and federal prisons would operate normally. Federal courts would remain open but most civil cases would be postponed.

• Defense: All active-duty military personnel would report for duty, along with about 570,000 of the Defense Department's 850,000 civilian employees. Central Intelligence

Agency employees deemed essential will report for work.

• Mail: The U.S. Postal Service would continue mail deliveries usual.

• Transportation: Air traffic controllers, the Coast Guard and railroad inspectors would continue to work. Amtrak train service would function normally. Passports would not be issued except in emergencies.

• Public Health: Meat inspectors, water purity experts and others deemed vital to public health, safety and national security would stay on the job.

• Tourism: National Park visitor centers would be closed; campers would be told to pack and leave. All Smithsonian museums in Washington and New York would be closed, as would the Washington Monument. The National Zoo in Washington would also shut; the animals would be fed.

• Benefits: Social Security checks and Medicare and Medicaid would be issued, but new applications would not be taken.

BUDGET: Clinton Veto

Continued from Page 1

Mr. Clinton's show of firmness seemed to surprise Republican leaders, leaving them uncharacteristically quiet.

The president said Monday that he would pursue his fight with Republican leaders as it took. So long as their approach on the budget is characterized "more by pressure than constitutional practice," he said, he will fight it.

Investors weighed the prospect that this shutdown might be different from earlier ones — that this political summit match might end with both wrestlers tumbling, disastrously, into the audience.

Most Americans, at least away from Washington, might not notice the immediate impact of a partial government shutdown. The military will not be affected, air-traffic controllers will remain at their posts, and social security and veterans compensation checks will still be sent out. The mail will go through.

But national museums will close, passport offices will shut down, and military recruiting offices will be shunned. In national parks like Yellowstone, rangers will tell campers to pack their tents and leave.

Clinton Trims Asian Trip

The Associated Press

WASHINGTON — The White House has rejected a Republican call for President Bill Clinton to cancel his trip to an Asian economic summit meeting in Japan this week if the fiscal standoff has not been resolved, but officials confirmed the trip would be shortened.

The trip, which had been scheduled for six days, has been

trimmed to a long weekend. Mr. Clinton will leave Friday night and return early Tuesday.

Treasury Secretary Robert E. Rubin stressed the importance of Mr. Clinton's Japan visit, citing the great economic significance of the region, but agreed there would have to be a "balance" between the desirability of attending and the need to solve the budget issues.

WINNERS: Bigger and Biggest Dominate Market

Continued from Page 1

Lockheed with Martin Marietta in defense, First Data with First Financial in credit card transactions, and if things work out, United Airlines' purchase of USAir.

Michael Porter, a Harvard University Business School professor who has made a career studying how companies gain competitive advantage, said that in earlier times, most competition was between companies that had about the same technology and production processes, workers who earned about the same wages and raw materials that cost about the same. Product lines were broad and remarkably similar, market shares shifted slowly, and it was in no company's interest to initiate an all-out price war.

But today Mr. Porter said the

Learning Vouchers For All

Unesco Promotes Bank Credit Plan

By Barry James
International Herald Tribune

PARIS — In a radical break with tradition, a UN education panel headed by the former president of the European Commission, Jacques Delors, is to propose that young people all over the world should be given an entitlement to lifelong learning.

The aim would be to allow future generations to adapt to rapid changes in society and job markets by seeking education as and when they need it.

Mr. Delors suggests that after basic schooling, young people should receive a voucher for a certain number of years of education.

This, he says, "would be credited to an account at a bank which would manage a capital of time available for each individual, together with the appropriate funds. Some of the capital could be set aside to enable people to receive continuing education during their adult lives. Each person could increase his or her capital through deposits at the bank under a kind of educational savings scheme."

Mr. Delors is president of an international commission on education for the 21st century, which was set up by the United Nations Educational, Scientific and Cultural Organization. He plans to deliver the commission's full report in March. In the meantime, he recently gave Unesco's general conference here a preliminary synthesis of its contents, including the call for education time vouchers.

Mr. Delors said that many educational systems today select life's successes and failures at an early age, leaving the majority to flounder in a world that lacks reliable signposts and can no longer offer most people the prospect of lifelong careers.

"If education has any purpose, it must be to give everyone a chance," Mr. Delors said. "That is why I propose that everyone should be given a credit at, say, the age of 16 which can be drawn on throughout life."

"It is an important idea which has three advantages. First, it would permit a rational financing of education. Secondly, it would promote equality of education opportunities. And thirdly, it would promote the sense of lifelong education."

The idea builds on an influential 1970s Unesco report called "Learning to Be." Issued largely in response to the 1968 student revolt that began in Paris and spread to many other cities, it established the idea of lifelong learning, without suggesting exactly how this should be done. However, the earlier report influenced many traditional universities to open their courses to mature students, while encouraging the growth in many countries of "open universities" that offer degrees and other qualifications to exclusively adult students.

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OPINION/LETTERS

Bring the Balkan Butchers To the Justice They Merit

By Anthony Lewis

NEW YORK — Four years ago this Saturday, the Croatian city of Vukovar surrendered to besieging Serbian forces. The Serbs went to a hospital filled with refugees, took away hundreds of men, killed them and buried them in a mass grave. It was the first reported atrocity of the Serbian aggression in the former Yugoslavia.

In the years afterward, Western governments tried to avoid confronting head on, the fact of Serbian atrocities. In diplomacy and in the UN operation, they essentially closed their eyes to Serbian responsibility for most of the horror taking place.

That is no longer possible. The reports of mass murder in the cause of Serbian nationalism have become too overwhelming to ignore.

Srebrenica has made the difference more than anything else. That Bosnian city, declared a UN safe zone, was taken by the Bosnian Serbs last July 11. Their commander, Ratko Mladic, had thousands of Bosnian men — civilians — taken away. They have not been seen since.

In mid-August, David Rohde of The Christian Science Monitor went to an area near Srebrenica and reported finding stomach-turning evidence of a mass grave, including parts of bodies sticking out of the ground. Survivors said General Mladic personally witnessed mass executions. As many as 6,000 unarmed civilians were killed: the worst single war crime in Europe since World War II.

The truth of that horror is already having consequences at the peace negotiations going on in Dayton, Ohio. The United States has put forward a draft constitution for Bosnia that would bar the election of anyone under indictment by the International War Crimes Tribunal for the former Yugoslavia — meaning General Mladic and the Bosnian Serbs' political leader, Radovan Karadzic.

Assistant Secretary of State Richard Holbrooke, the organizer of the talks, has never had any illusions about the two Bosnian Serb leaders. He regards General Mladic as a psychopath. But it is hard to see how Mr. Karadzic or General Mladic would sit still for a peace settlement that would remove them from leadership and perhaps see them turned over to the War Crimes Tribunal for trial.

The unpleasantness of negotiating with two men under indictment as war criminals has been sidestepped by having the president of Serbia, Slobodan Milosevic, speak for the Bosnian Serbs. But that device is under stress.

Last week, the War Crimes Tribunal indicted three officers of the regular army of Serbia, one of them a general, for alleged involvement in the 1991 massacre in Vukovar. That brings the tribunal's process very close to Mr. Milosevic. Will he hand over the indicted officers? Can he, politically? If he does, might the officers agree to give evidence against him in order to save themselves or reduce their sentences?

Mr. Milosevic aroused the nationalist fervor among Serbs that led to the horrors of the last four years. He hoped to lead a Greater Serbia. Now he thinks his best chance to stay in power is to give up those ambitions and be a peacemaker.

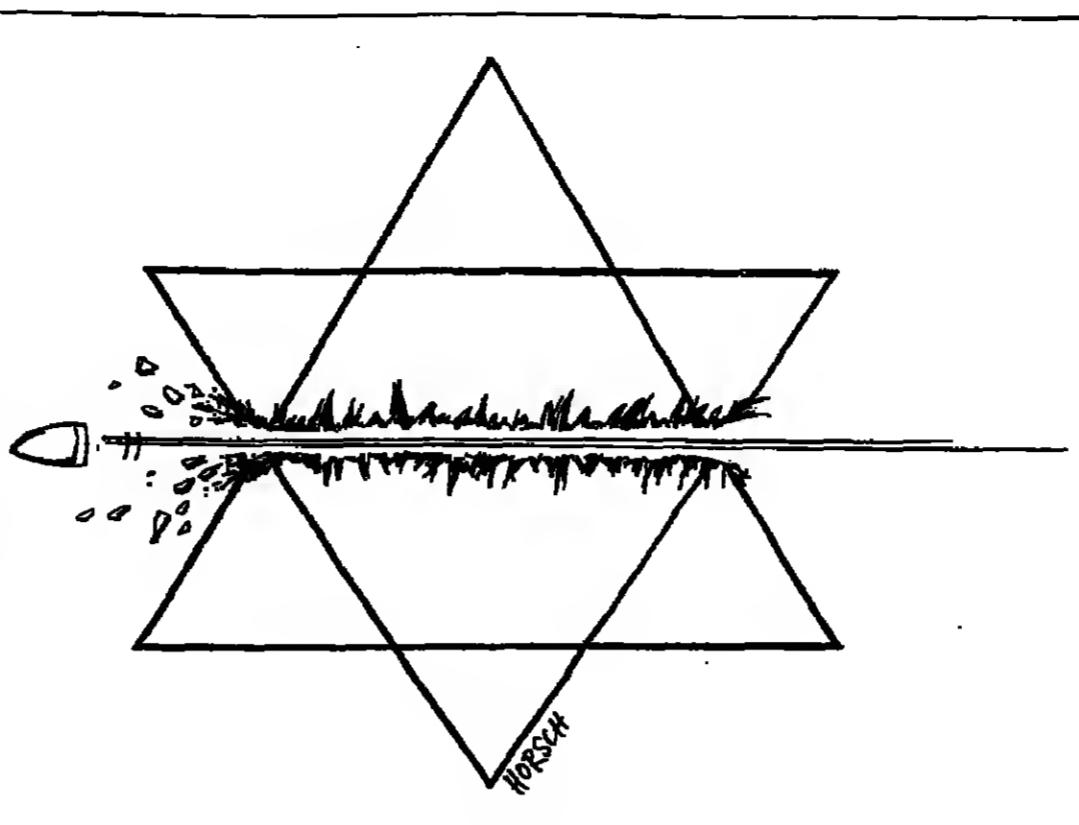
The more we know the truth of the atrocities, the harder it is to make a peace that leaves their authors in place. Would we have ended World War II with Heinrich Himmler ruling the part of Germany? Mr. Karadzic and General Mladic certainly must go.

Mr. Milosevic is a hard question. But if he can make even a sullied peace, we should not obstruct it. After all, we let the nationalists he aroused burn unchecked for years.

Some in the West have a particular responsibility for these terrible four years. George Bush and James Baker could have stopped the Serbian aggression at Vukovar — before Bosnia Prime Minister John Major of Britain rivaled Neville Chamberlain in his eagerness to do nothing. And then there were the American policy analysts and commentators who insisted that genocide was not Americans' business or that it was unfair to blame the Serbs.

The emerging truth about Serbian atrocities should make it impossible for us, at least, to abandon the War Crimes Tribunal. The Clinton administration has repeatedly pledged its support. But it withheld so-called intelligence information from the prosecutors until shamed out of that posture. The tribunal complicates the world of diplomats, of course. But it is our obligation to history.

The New York Times.



LETTERS TO THE EDITOR

Action Demanded

KEN SARO-WIWA was a distinguished writer, and so it is natural that the world's community of writers should mourn his loss. However, he and his colleagues did not die because of his literary output, but as a result of their fight for the Ogoni people's survival and against the tyranny of the Abacha regime. That fight must now become the world's fight.

We therefore demand that, for once, the world's leaders' response to atrocity is strong and resolute enough to bring about real change, rapidly. Before this dreadful event, the world was not prepared to offer the condemned men anything except the imputation of "quiet diplomacy."

The British Foreign Office favored the "softly-softly" approach. Shell Oil, for whose profits' sake these men's lives were finally forfeited, now claims that it, too, was engaged in quiet representations on their behalf. Even Nelson Mandela, whose own struggle was aided by sanctions, spoke of the need to take a cautious line with the Nigerian regime.

In the aftermath of these executions — these judicial murders —

what is being done to ensure that the Abacha government pays for its crime and that democracy is restored to Nigeria?

The United States and Britain have imposed an arms embargo on Nigeria. But is there any embargo against the oil exports that account for more than four-fifths of the Abacha regime's revenues? There is not.

The Commonwealth has not expelled Nigeria, but only suspended its membership, pending a return to democracy. And how long have the tyrants been given to step down? Two weeks, two months? No: They have two long years in which to continue their reign of terror, two years before the Commonwealth will find it necessary to discuss the next step.

Such weakness gives tyrants strength. Such half measures cannot make Nigeria whole.

We demand the imposition of full sanctions against the Abacha government, now. The dead deserve no less. As do the living.

SALMAN RUSHDIE.

The author is president of the Strasbourg-based International Parliament of Writers.

Some Disagree

Regarding "Time for Israelis and Friends to Choose Their Camp" (Opinion, Nov. 9):

THOMAS FRIEDMAN is certainly entitled to choose the path taken by Yitzhak Rabin. His belief is shared by the (small) majority of Israelis who vote for the Labor Party.

Others, however, disagree and believe that giving the Palestinians the West Bank is the first step toward returning Tel Aviv as well. They believe that Yasser Arafat and his friends have another goal in mind and that it is incompatible with the existence of Israel.

For these voters, the Labor platform is equivalent to suicide. These voters generally vote for the Likud or other, smaller parties, democratically pursuing their goal and vision — which involves political fighting at all levels.

For Mrs. Rabin to accuse Benjamin Netanyahu and the Likud of even a remote association with her husband's assassin can perhaps be excused on emotional grounds.

ERIC ROSENBAUM.
Antwerp, Belgium.

BOOKS

ONCE UPON A DISTANT WAR

By William Prochnau. *Times Books.* 546 pp. \$27.50.

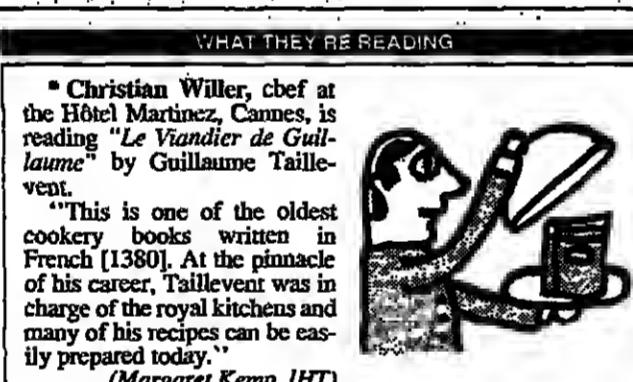
CHINA HANDS

By Peter Rand. *Simon & Schuster.* 337 pp. \$25.

Reviewed by
Martin Walker

WILLIAM Prochnau has produced a riveting account of that array of talented and ambitious young journalists who gathered in Saigon in the Kennedy years to make their names and record the coming disaster to American arms and American pretensions. But this is also a capstone to a destructive mythology: that whatever blood and innocence America lost in the misbegotten war, some honor was saved by the fearless independence of its reporters.

Like all the best myths, Prochnau's elegy contains a hard nugget of historic truth. Vietnam was where the U.S. media learned to shed the automatic deference and instinctive patriotism that had marked the journalism of World War II, Korea and the early Cold War. Amid the gossip and the anecdotes and the furious exchanges with U.S. diplomats and editors



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(Margaret Kemp, *IHT*)

back home, Prochnau has produced a classic study of the formation of a pack of a small, tight-knit and intense Saigon media counterculture that learned that its government was willingly living a lie.

There are times when Prochnau's gushing tale makes them sound like the Bloomsbury Group in another imperial twilight. An echo of those pre-1914 dalliances resounds through Prochnau's carefully assembled account of the farewell party for Newsweek's Francois Sully, which also marked the arrival of David Halberstam of The New York Times. Peter Arnett of The Associated Press "emerged through an archway splashed with the pink of cascading coral

vine, wearing a pretty young Vietnamese woman on his arm and a crooked grin on his bulldog face." Neil Sheehan of UPI "looked downright seedy" but also "wore exotic" on his arm, a stunning Saigonaise whose every curve seemed to have been sewn tightly into an expensive Parisian party dress." Halberstam noted the absence of U.S. Embassy staff or U.S. uniforms and realized at once that this would be us-versus-them, the press in a hostile environment, like covering Mississippi in the 1950s.

The legends were already in the making. Arnett had swum the Mekong, his story clenched between his teeth, to bring out his scoop on the Laos uprising. Malcolm Browne of AP had

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Style

Calvin Klein at his recently opened flagship store on Madison Avenue, his first freestanding shop in New York, which houses clothing and housewares.

Calvin Klein, Muse of Madison Avenue

By Suzy Menkes
International Herald Tribune

NEW YORK — The plate glass soars up two stories, flooding the store with light. The floor space is an elongated stretch, like the nave of a church, with pewlike wooden furniture punctuating the York stone slabs.

"I wasn't building a monument — I wanted a showcase for what is new and what is modern," insists Calvin Klein of

SHOP WATCH

the flagship store he opened last month on Madison Avenue.

His temple to modernism — a serene and airy space housing clothing and housewares — symbolizes the changes taking place in Manhattan's upscale shopping street as minimalist boutiques colonize Madison country.

The arrival in September 1993 of Barneys — a store dedicated in its architecture, display and merchandise to clean, modern style — started the trend that will be reinforced in 1996 by shop openings by the Italians Giorgio Armani, Prada of Milan and Etro.

But this is also a story about American

designers displaying dash and confidence in an area that was known in the 1980s for its European designer boutiques.

Donna Karan is currently negotiating for a Madison Avenue store for her secondary DKNY line, as well as planning a retail flagship. Ralph Lauren is also committed to a makeover of his signature store.

Klein's first freestanding New York shop — designed by the British architect John Pawson — makes a striking statement with its deep windows and plain facade at the corner of Madison and 60th Street.

In a symbiotic relationship with what is on sale, the eye travels from the stone floor and concrete walls to the camel dresses and gray-beige scarves — both the setting and the goods using subtle differences of texture and tone.

Dots of more definite color are tucked discreetly away on the mezzanine, where lingerie blushes from ivory through parchment to peach, while evening dresses dare full-blooded scarlet or rose pink.

But it is significant that just as the home store Crate & Barrel has sprouted and flourished on Madison Avenue, the soul of the Klein shop seems to be in the basement. Down the brutally plain stairway, is a new range of Calvin Klein housewares: beige blankets with surfaces waffled, basket-

weave or lacy; towels in stormy colors from rain-soaked gray through purple.

"Values change," says Klein to explain this new focus on subtle and costly items for the home. "In the 1980s people bought clothes like crazy. Now there is this quiet thing — but luxury for the home is something you can share with family and friends."

Like the menswear, where nuances of color tone a bronze tie with walnut-brown shirt, the home objects are as super-subtle as the speckles on the quail eggs laid on a crackle-glass plate with a woven shawl as table cloth. Pillows are piled up, matte and shiny, duvets have just a trace of sepia flowers and the light layers of neutral bed linens are designed to "dress the bed like we do, like Kelly does," Klein says, referring to his wife.

A LL this might sound precious or pretentious — especially as prices are sky-high — even when the edges of a throw are machined rather than hand-rolled and expensive sheets are steam-packed in plastic like supermarket meat. Queen-size linen sheets cost \$375 and a pair of pillowcases \$225.)

Yet the store catches a fashion moment in the mid-1990s when the luxury shopping

experience seems more about space and daylight (the level boosted and aided by computer-controlled spots) than elaborate decoration or fancy merchandise. Square pine seating by the artist Donald Judd and square slate tables by the Italian designer AG Fronzoni furnish the tranquil atmosphere.

Klein's store is in the happening part of Madison, where a Bally shoe store has recently opened and where crowds throng Crate & Barrel with its pine paneling, sturdy plates and bold glasses. Baccarat, the French company founded in 1764, has also opened a new store, giving a modern showcase to its traditional and contemporary glassware and reinforcing the message that home is where the art is for New York's carriage trade.

There is no doubt that those upscale clients are in flight from Fifth Avenue, where the "mall-ization" of Manhattan's one-time premier shopping street balances the rise of Madison Avenue.

Madison gets Klein, the European-designer clan and their customers. Fifth Avenue has tourist tribes in jeans and baseball caps thronging Warner's studio store and the neighboring theme-park restaurants, with Bergdorf Goodman and Tiffany struggling to keep alive the luxury flame.

Flower-Power Jewelry

International Herald Tribune

PARIS — She was an American woman with a penchant for flowers, a passion for fashion, an enthusiasm for travel and a keen understanding of modern times. That is why the fashion jewelry that Miriam Haskell created half a century ago has become collectible today.

A selling exhibition of Haskell's jewelry — bold glass-flower clips in vivid colors and delicate filigree metalwork with a burnished patina and seed beds of pearls — is currently on show in Paris at a Left Bank gallery.

Haskell died in 1981, and although the company she founded in the 1920s continues to operate in the United States, the exhibition covers Haskell's glory years from 1925 to 1955, when she, like Coco Chanel in France, recognized the need for inexpensive decorative pieces that were not just slavish paste copies of real jewels.

A hint of the exotic runs through the

purple-and-pink or citrus-yellow flower clips and the curling leaves and sinuous stamens in seed pearls.

In the 1940s, the jewelry became positively Oriental, with cascades of chains, droplets of ruby-red glass, shimmering opalescent pearls and a hand-bracelet set with stones suggesting Indian or Byzantine inspirations.

Archive sketches show how these strong pieces were worn in the 1930s and 1940s on the lapel or neck of plain suits and dresses. That makes them equally appropriate for today's fashion, says Carole Thibaut-Pomerantz, the American-born specialist in decorative arts who has mounted this first Haskell retrospective in France and finds it a hit with European customers.

Miriam Haskell, Galerie Revillon d'Apreval, 23 Quai Voltaire, 75007 Paris, until Dec. 6.

S.M.



'Swords Into Ploughshares': The Military Influence on Civilian Clothes

International Herald Tribune

NEW YORK — When Valentino's camouflage-patterned ball gown hit the Paris runway, it was an arresting, even shocking, example of fashion's take on military style. "Swords Into Ploughshares:

Military Dress and the Civilian Wardrobe" is the title of an exhibition at the Costume Institute of the Metropolitan Museum.

The show is an exploration of the crossover from service to public life: fancy frogging decorating a woman's turn-of-the-century jacket; sailor suits made popular for

Victorian children and by Coco Chanel, and the universally acceptable zippered Eisenhower jacket.

There are the naval pea coats and safari suits of Yves Saint Laurent — the latter, like camouflage, a legacy of the British Empire, when uniforms were designed to blend with a landscape of heat and dust and de-

veloped quite differently from the heroic glamour of earlier centuries.

Although the show's focus is fashion, it is also about the changes in military dress.

As Harold Koda, the associate curator, explains, the move from functional clothes to fripperies was not just because fashion appropriated

military kit. The braid that started its career to deflect sword blades from the chest, later became the hierarchical whorls of gilt mocked by the lower orders as "scrambled egg." And silver ball buttons that looked so decorative on women's riding habits were originally attached to battle dress as backup ammunition. As they lost their original functions, buttons and braid became part of military pomp and circumstance and were ultimately reduced to the ceremonial style of toy-town soldiers.

Some pieces of military clothing still have the power to shock or discomfort when they are trivialized as fashion — not least camouflage. Valentino's 1993 collection, shown at the time that United Nations peacekeepers were intervening in Bosnia, was badly received, and so was Ralph Lauren's Vietnam-inspired show even two decades after the war. By contrast, the colorful camouflage-patterned jacket by the American designer Stephen Sprouse had no military resonance.

"Jackboots" or any suggestion of Nazi uniforms are considered in dubious taste, but

Sam Browne belts are accepted as fashion accessories with khaki clothing.

As the exhibition proves, military inspiration is often just an excuse for trim tailoring, like Prada's buckled coat or Lauren's navy suits — both just a bugle echo of the real thing.

"But the genius of Ralph Lauren is that he creates a fantasy that is so convincing that when you juxtapose it with the authentic uniform, there is a sense that it belonged to some army," says Koda.

In fact, the Costume Institute's show would have benefited from putting beside the designer creations the prints of gay hussars or colonial colonels that appear in the illustrated catalogue.

AND what about photographs showing how genuine uniforms bought from flea markets or army surplus stores have been appropriated as hip and cool since the 1960s?

A rash of greatcoats and Russian accessories — some genuine, others fake — has appeared on downtown Western streets as a subversive and iron-

ic commentary on the end of the Cold War and the breakup of Communist regimes.

The show features one dramatic example of its "Swords Into Ploughshares" theme: a deconstructed military tunic in boiled wool with sliced-off sleeves from Comme des Garçons for fall-winter 1994. The designer Rei Kawakubo showed an entire collection created from military uniforms, although she claimed that it was an aesthetic, rather than a pacific statement.

Most military clothing, like the "bomber" jacket (referring to World War II pilots' leather jacket), works its way into fashion consciousness without setting any agenda. The appeal of the trench coat or the leather storm trooper's coat is just as a classic and functional garment.

But urban paramilitary uniforms are also a feature of late 20th-century street style. This interesting exhibition might have concluded with the unsettling way that fashion seems to be reviving military looks and beating ploughshares back into swords.

Suzy Menkes

World Wide Web Directory

November 20, 1995

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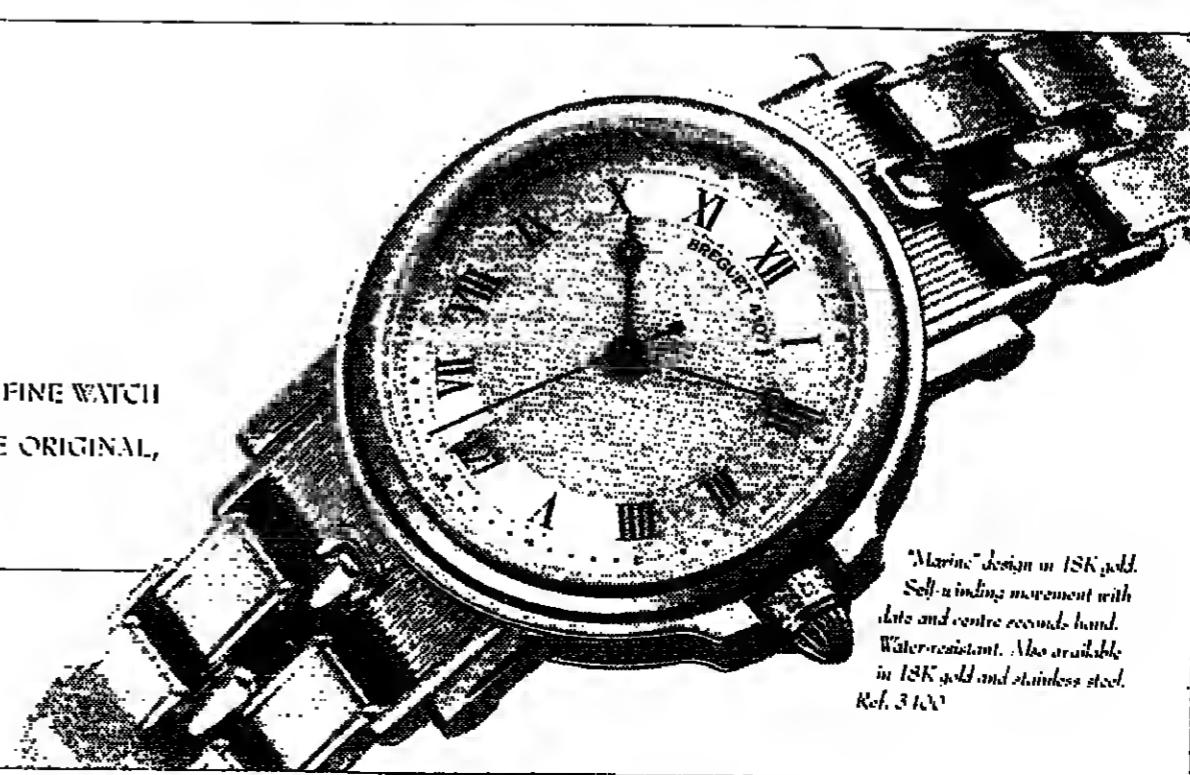
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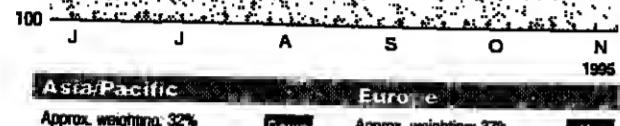
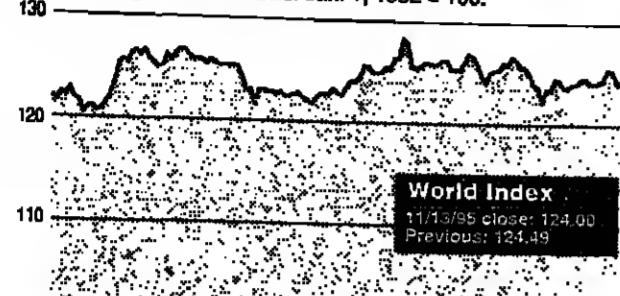
TUESDAY, NOVEMBER 14, 1995

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THE TRIB INDEX: 124.00

International Herald Tribune World Stock Index ©, composed of 280 internationally investable stocks from 25 countries, compiled by Bloomberg Business News. Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Amsterdam, Australia, Austria, Belgium, Canada, France, Germany, Hong Kong, Italy, Mexico, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and Venezuela. For Tokyo, New York and London, the index is composed of the top 20 issues in terms of market capitalization, otherwise the top 10 stocks are tracked.

Industrial Sectors

	Mon. close	Prev. close	% change	Mon. close	Prev. close	% change	
Energy	124.49	124.00	+0.27	Capital Goods	133.01	133.39	-0.28
Utilities	120.49	122.18	-1.38	New Materials	136.90	138.15	-0.90
Finance	114.93	115.88	-0.81	Consumer Goods	129.93	129.77	+0.12
Services	114.62	115.23	-0.53	Miscellaneous	134.45	135.15	-0.52

For more information about the index, a booklet is available free of charge. Write to Trib Index, 181 Avenue Charles de Gaulle, 92251 Neuilly Cedex, France.

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KKR Sets Sights on Aetna

\$4 Billion Bid For Unit Seen

Compiled by Our Staff From Dispatches

NEW YORK — Kohlberg Kravis Roberts & Co. is in talks to purchase Aetna Life & Casualty Co.'s property-casualty business, people familiar with the discussions said Monday.

The bid could top \$4 billion, these people said.

"KKR has had a relationship with Aetna for some time, so it's not surprising that we're talking," said Ira Zuckerman, an analyst at Nutmeg Securities Ltd.

Aetna and KKR declined to comment. The share price of Aetna, based in Hartford, Connecticut, rose .62 cents to \$74.875 on Monday.

But analysts said KKR could have competition since Aetna is also interested in a proposal from CNA Financial Corp. of Chicago. Another possible buyer is Liberty Mutual Insurance Cos., analysts said.

KKR, a leveraged buyout specialist, is also reported to be considering buying property-casualty units owned by Xerox Corp., a deal that could be worth as much as \$2 billion.

Successful bids would make KKR a leading seller of property-casualty policies to businesses.

(Bloomberg, AP)

■ Wells Raises Bid

Wells Fargo & Co. raised its offer for First Interstate Bancorp by about \$900 million, to \$10.9 billion, in its battle against First Bank System, Reuters reported from San Francisco.

The banking company's latest bid would top the \$10.3 billion value of a transaction announced last week between First Interstate and First Bank System.

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© International Herald Tribune

New Sega Firm Will Develop Multiplayer Games

By John Markoff
New York Times Service

SAN FRANCISCO — Sega Enterprises Ltd., one of the world's two leading video-game makers, said Monday it would create a software company to develop multiplayer games for personal computers and Sega video-game machines.

The new computer games would be accessible over the Internet and could be joined simultaneously by players at sites across the United States or, in some cases, around the world.

The video-game industry has been dominated by Sega and Nintendo Co. since the two Japanese companies forced aside Atari Corp. in the mid-

1980s by producing more appealing games.

Sega's chairman, Isao Okawa, said he wanted to locate the new company — to be called Sega Soft — in California to take advantage of what he perceived as America's entrepreneurial business climate.

Sega is allying itself with Accel Partners, a venture capital

firm in San Francisco, to tap into Silicon Valley's ability to create companies that take advantage of new markets more quickly than their larger competitors.

Sega Soft, which will be independent from Sega and will have outside investors when it begins operations in December,

with a staff of 250, is planning to develop a class of games that

would permit people to compete interactively on their computer or game-machine screens.

It will be run by Nobie Mi, a former International Business Machines Corp. executive who left IBM three months ago to join Accel Partners. Mr. Mi is credited with leading the development of IBM's "notebook" computer business.

Thinking Ahead /Commentary

America's Hidden Economic Miracle

By Reginald Dale
International Herald Tribune

WASHINGTON — America's comeback as No. 1 in the world economy is increasingly obvious. Numerous surveys put the United States ahead of Japan and Germany as the world's most competitive nation.

But most Americans are unaware of just how big a lead they are opening up over their Asian and European rivals in the race to compete in the global economy of the 21st century.

Many of the areas where the United States has the edge, especially information and communications technology, are difficult if not impossible to assess by traditional economic measures. The new American industrial revolution of the past ten years has taken place at least partly in the dark.

At a conference organized by the National Policy Forum in Washington last month, Thomas H. Lipscomb, chief executive officer of Infosafe Systems Inc., said that while Washington officials still seemed to think an information- and knowledge-based economy lay somewhere ahead, "we are already up to our necks in it."

There are plenty of clues as to what is happening. Already, Mr. Lipscomb said, more than 50 percent of American workers are officially classified as "knowledge" workers.

Information flows and the products needed to carry them have become the largest single sources of U.S. foreign trade.

currency income, and 85 percent of the digital information in international trade originates in the United States.

America's technological lead is giving it a competitive advantage on a broad front. Software has begun to replace machines and robots as the dominant element in manufacturing, writes François Sicart, chairman of Touqueville Asset Management, in a recent newsletter.

As a result, he says, "leadership in the

tics as only a \$5 or \$10 export, because only the values of the instruction manual and the blank diskette are recorded.

More accurate economic analysis alone might entirely eliminate the U.S. trade deficit, Mr. Sicart says.

The consequences of this veiled American economic miracle are far-reaching. Mr. Sicart believes there should be a dramatic reappraisal of U.S. economic performance, "and with it a less dramatic re-evaluation of the U.S. dollar."

For the high-technology executives at the Washington conference, the question is how to keep America No. 1 as the center of economic gravity shifts to Asia. While today 46 percent of the world's electronic goods are consumed in the United States, in 50 years that figure may only be 5 percent. Dominance of the American market will not be nearly enough.

That means, say Robert C. DeHaven, chairman of the American Electronics Association, that U.S. companies must forge partnerships around the world, even with companies that are now competitors.

The U.S. government must push ahead with negotiating free-trade arrangements that include key elements for business such as standards, rules of origin and the protection of intellectual property.

What is required more broadly is an understanding that wealth in the 21st century will not be created in the same way as it was in the 19th and 20th centuries. Information and intelligence will be the raw materials of future progress, just as iron ore and coal were in the original industrial revolution.

development and use of computers, software and communications technology is helping the United States to leapfrog its competition and seize back the global lead in manufacturing.

But the government agencies that measure the economy's performance are still gathering and publishing statistics developed to measure the output, productivity and trade of a 19th century economy.

The United States has progressed further than any of its rivals towards a modern service-based economy. But official figures do not reflect the huge increases in productivity that have been achieved in service sectors such as banking, retailing and telecommunications.

Software exports are vastly underestimated. A program, for instance, that sells for \$300 may show up in the trade statistics

as only a \$5 or \$10 export, because only the values of the instruction manual and the blank diskette are recorded.

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CURRENCY & INTEREST RATES

Nov. 13 Eurocurrency Deposits Nov. 13

Dollar D-Mark Swiss Franc Sterling French Yen ECU

1 month 5½-5¾ 3½-4 2-2½ 644-654 34-36 512-519

3 months 5½-5¾ 3½-4 2-2½ 644-654 34-36 512-519

1 year 5½-5¾ 3½-4 2-2½ 644-654 34-36 512-519

Source: Reuters, Lloyds Bank. Rates applicable to interbank deposits of \$1 million minimum (or equivalent).

Key Money Rates

United States Close Prev. British

Deposit rate 5½ 5½ Basic bank rate 4½ 4½

Call money 4½ 4½

Federal funds 5½ 5½ 1-month interbank 4½ 4½

3-month CDs 5½ 5½ 3-month interbank 4½ 4½

Citizen paper 180 days 6½ 6½ 6-month interbank 4½ 4½

3-month Treasury bill 5½ 5½ 1-year Gilt 7½ 7½

1-year Treasury note 5½ 5½

2-year Treasury note 5½ 5½

5-year Treasury note 5½ 5½

7-year Treasury note 5½ 5½

10-year Treasury note 5½ 5½

30-year Treasury bond 6½ 6½

Merrill Lynch 30-day ready cash 5½ 5½

10-year OAT 7½ 7½

Source: Reuters, Bloomberg, Merrill Lynch, Bank of Tokyo, Commerzbank, Credit Lyonnais.

Gold

A.M. P.M. Close

Zurich 389.45 388.73 — 350

London 392.45 391.20 — 310

New York 390.50 388.10 — 310

Paris 400.00 398.00 — 340

U.S. dollars per ounce. London official closing; Zurich and New York opening and closing

Source: New York Commodity Exchange

Source: Reuters

Forward Rates

Currency

30-day 40-day 90-day

40-day 40-day 90-day

Saab Auto Posts 3d-Quarter Loss On Strong Krona

Compiled by Our Staff From Dispatches
STOCKHOLM — Saab Automobile AB, stung by the effects of a stronger krona and increased competition in the luxury-car market, said Monday it had a pretax loss in the third quarter.

As the carmaker reported a loss of \$22 million kronor (\$48.4 million) for the quarter, executives said they could not say whether it would return to profit in the fourth period.

Saab Auto, owned equally by Investor AB, a Swedish holding company, and General Motors Corp., posted a pretax profit of 144 million kronor for the third

quarter of 1994 and a profit of 84 million kronor for the second quarter of 1995.

Third-quarter revenue fell 8.8 percent to 3.93 billion kronor from 4.31 billion.

The company said car sales rose 16 percent in the quarter, to 76,500 units. Europe was the strongest market, followed by North America.

"Compared with last year, we have been negatively affected by the krona's strengthening against currencies in our main export markets," said Saab's chief executive, Keith Butler-Wheeler.

"On top of that, we have also been faced with increased competition, which has led to adjustment of prices and higher marketing costs," he said.

Although the fourth quarter is traditionally strong for Saab Auto, and the company expects fourth-quarter performance to be "considerably better" than in the third, a spokesman said Saab Auto was unsure it would be able to return to profit.

"Right now we don't know where the dollar is going, and can't comment on whether we will show a profit in the fourth quarter or full year," a spokesman, Olli Axelson, said.

The krona has soared 12 percent against the dollar in 1995. The strong krona makes Swedish goods more expensive in foreign markets and decreases the value of profits made abroad when translated back to kronor.

The earnings figures mean the company will have to "invest heavily to raise volumes in the long-term," Mr. Axelson said.

In the first nine months of 1995, Saab Auto had a pretax loss of 127 million kronor, compared with a profit of 284 million kronor, while sales rose 14 percent, to 14.92 billion kronor.

Operating profit fell to 313 million kronor from 704 million kronor, bringing the company's operating margin down to 2.1 percent from 5.4 percent.

The Saab 900 series accounted for 64 percent of third-quarter sales, or some 49,100 units. About 27,500 Saab 900s were sold.

(Bloomberg, AFP)

Strong Demand And Higher Prices Buoy British Steel

Bloomberg Business News

LONDON — British Steel PLC said Monday its first-half pretax profit more than tripled to a record £250 million (\$358 million) as both demand and prices for steel rose.

Britain's largest steelmaker said it benefited from surges in economic growth in the United States and Europe in the six months ended Sept. 30, although it warned that steel demand would be "less strong" in the second half.

The company said it would pay an interim dividend of 3 pence a share, compared with 2 pence last year. The payout, like the profit figure, was at the high end of estimates.

Analysts had forecast pretax profit of £450 million to £550 million, compared with £159 million a year earlier.

Concern over steel prices has cut the value of British Steel shares by 16 percent since they hit a record high of 188.5 pence on Sept. 18. The shares closed at 159 Monday, up 2.5.

British Steel said demand was weakening in the current quarter because of oversupply and that steel demand in the second was expected to be "less strong than in the first half."

The earnings figures mean the company will have to "invest heavily to raise volumes in the long-term," Mr. Axelson said.

In the first nine months of 1995, Saab Auto had a pretax loss of 127 million kronor, compared with a profit of 284 million kronor, while sales rose 14 percent, to 14.92 billion kronor.

Operating profit fell to 313 million kronor from 704 million kronor, bringing the company's operating margin down to 2.1 percent from 5.4 percent.

The Saab 900 series accounted for 64 percent of third-quarter sales, or some 49,100 units. About 27,500 Saab 900s were sold.

(Bloomberg, AFP)

New Consortium Courts Belgacom

Courtesy of Our Staff From Dispatches

SINGAPORE — Singapore Telecommunications Ltd. said Monday that it and Tele Denmark AS had joined Ameritech Corp. of the United States to bid for 49 percent of Belgacom SA, the state-owned Belgian telephone monopoly.

In two other developments Monday, the German government said it was considering issuing a license for a fourth mobile telephone network, and Fininvest SpA of Italy said it was in talks with British Telecom PLC and Cable & Wireless PLC about putting together Italy's third cellular phone company.

The new joint bid for the Belgian company by three telecommunications companies comes a month after British Telecommunications PLC and Bell Atlantic Corp. withdrew their bid for a 25 percent stake on the ground that it did not provide an adequate return on investment.

The British government aims to sell as much as 49 percent of Belgacom, which was valued at \$5.4 billion by the government last year.

"If they ever came back and made a very much more attractive offer to us, then presumably anything's possible, but there are no discussions going on," said Mr. Hepher. "We have walked away, and that's it."

The Belgian government aims to sell as

much as 49 percent of Belgacom, which was valued at \$5.4 billion by the government last year.

The government is aiming to call for bids on a new license early in 1996 to award the license early in 1997, sources said. This would mean that any new operator would probably not be fully operational throughout Germany until the end of the decade.

Industry sources said the government had come under pressure from RWE AG and VIAG AG to issue at least one new license.

As for the Fininvest talks with British

Telecom and Cable & Wireless, Fininvest President Federico Confalonieri confirmed that his company had recently held separate talks with both companies.

The Italian government will auction off a license for a cellular network to compete with Telecom Italia Mobile SpA and Olivetti SpA's Omnitel next year.

"If there is a possibility to operate Italy's third cellular phone network, of course we are interested," said Mr. Confalonieri.

Fininvest would bid for the license in conjunction with either Cable & Wireless or British Telecom and other partners, financial advisers said.

Fininvest plans to sell about 40 percent of its stake in Mediaset SpA, a television company, by June 1996. The offering is expected to raise as much as \$2 billion.

(Reuters, Bloomberg)

planned to issue a new license, probably in 1997. There are currently three mobile phone operators in Germany.

It was still unclear whether only one or

more new licenses would be awarded.

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(Reuters, Bloomberg)

Investor's Europe

Frankfurt	London	Paris
DAX	FTSE 100 Index	CAC 40
2300	3600	2100
2220	3450	2000
2140	3300	1900
2060	3150	1800
1980	3000	1700
J JASON	J JASON	J JASON
1995	1995	1995
Exchange	Index	
Amsterdam	EOE	Monday
Brussels	Stock Exchange	Close
Frankfurt	DAX	Prev. %
Copenhagen	Stock Market	Change
Helsinki	HEX General	Close
Oslo	OBX	%
London	FTSE 100	Change
Madrid	Stock Exchange	Close
Paris	MISTEL	Close
Stockholm	SX 16	Close
Vienna	ATX	Close
Zurich	SPI	Close

Source: Telekurs International Herald Tribune

Very briefly:

Sparekassen Bikuben AS and GiroBank AS, which are planning to merge, reported nine-month pretax profits of 786 million kroner (\$143 million) and 524 million Danish kroner, respectively. GiroBank posted a loss of 717 million kroner a year ago; comparable figures for Sparekassen were not available.

• Telefónica de España SA's nine-month net profit rose 16 percent from a year earlier, to 100.39 billion pesetas (\$824 million), as sales rose 15 percent, to 1.30 trillion pesetas.

• Argentaria Corp. Bancaria de España is bidding 3,300 pesos a share for the 31 percent of Banco Exterior de España SA that it does not already own.

• Ferruzzi Finanziaria SpA has reduced the amount it plans to raise in a rights offering early next year by 7 percent, to a maximum of 959 billion lire (\$602 million).

• Schering AG's nine-month net profit fell 18 percent, to 172 million Deutsche marks (\$122 million), partly because its X-ray drug had to be withdrawn from the market. The company also said it would not pay a bonus dividend for 1995.

• Adidas AG priced its initial public offering of 27.3 million shares at 68 DM a share to try to raise 1.86 billion DM.

• Kvaerner A/S, Europe's largest shipbuilder, said pretax profit rose to 1.93 billion Norwegian kroner (\$309 million) in the first nine months of the year from 1.17 billion kroner a year earlier as a one-time gain from the sale of its gas-shipping unit offset weak results from engineering and paper-making machines.

• General Cable PLC posted a pretax loss of £15 million (\$24 million) for the first nine months, reversing a loss of £1.29 million a year earlier, as costs for replacing equipment and continued building of the cable network outweighed a 64 percent increase in sales, to £22.4 million.

• British Airports Authority PLC's pretax profit rose 11 percent in the first half from a year earlier, to £294 million, helped by an increase in passenger traffic and strong retail sales.

Reuters, Bloomberg,AFX,APP

Euro Disney Due to Post Full-Year Profit

Bloomberg Business News

PARIS — Euro Disney SCA is expected to announce the first profitable year in its three-year history, analysts said Monday.

Analysts said the theme-park operator would report net profit Wednesday of 20 million to 30 million francs (\$4.1 million to \$30.8 million) for the year ended Sept. 30.

In three years of operation, Euro Disney, operator of Disneyland Paris, has piled up losses of 7.33 billion francs, including a

loss of 1.8 billion francs in its previous financial year.

The 1995 result will reflect a financial restructuring that includes a moratorium until 1996 on interest payments on 15.1 billion francs of debt, reduced leasing charges and reduced royalty payments to Walt Disney Co., Euro Disney's parent company.

Although the reduction in interest payments and royalties are the main reason for profit this year, the company is expected to

post "a greatly diminished loss from operations" on improved theme-park attendance, said David Klein, an analyst with Natwest Securities in Paris.

He estimates about 9.5 million visitors went to Disneyland Paris in 1994-95, up from 8.3 million in the previous year, and predicts 10.6 million visitors next year.

Analysts said the gain was held down by a drop in Paris tourism and France's poor economic outlook.

Canal Plus Puts Carolco Stake at 'Zero'

Bloomberg Business News

PARIS — France's Studio Canal Plus, which has a minority stake in Hollywood's Carolco Pictures Inc., said Monday it would neither gain nor lose from Carolco's planned sale of the bulk of its assets to Twentieth Century Fox Film Corp. in a bankruptcy sale.

"Our stake in Carolco is worth zero," said Brahim Chouia, financial and adminis-

trative director of Studio Canal Plus, "and will continue to be worth zero."

Carolco Pictures Inc., the maker of Arnold Schwarzenegger's "Terminator 2" and other blockbuster films, said Friday it had agreed to sell the assets to Twentieth Century Fox, the motion-picture unit of News Corp., for about \$50 million as part of a bankruptcy court filing.

Studio Canal Plus, a subsidiary of Eu-

rope's largest pay-television company, Canal Plus, holds a 17 percent stake in Carolco, which has produced Hollywood hits such as "Basic Instinct," "Total Recall" and "Cliffhanger."

But Carolco's failure to control costs compelled Studio Canal Plus to make a provision of 120 million francs (\$24 million) last year to cover losses incurred from its stake in Carolco.

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NYSE

Monday's 4 p.m. Close
Nationwide prices, not reflecting late trades elsewhere
The Associated Press.

Nationwide prices, not reflecting late trades elsewhere
The Associated Press.

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EGYPTIAN BANKING & CAPITAL MARKETS

BANKS OFFER FIRST-PLACE POTENTIAL

"Sophisticated financial institutions" make Egypt one of the top candidates for leader in the region.

The liberalization of the Egyptian economy is opening up new opportunities and challenges for Egypt's banking sector. Change began with the liberalization of trade and banking and is now gathering steam as government companies are privatized and opportunities for direct foreign investment open. In addition, progress in the Middle East peace process has opened prospects for regional development and is offering Egypt a chance to compete for the role of a regional financial center. Some observers are confident that the regional role is already within Egypt's grasp.

"Cairo has all the elements, including substantial savings, free movement of capital, a well-organized stock market and increasingly sophisticated financial institutions," says one financial analyst. "And if we don't become the financial leader, there is something very wrong with us."

Angus Blair, head of research for the Middle East and Mediterranean markets of Barings Securities, believes Cairo will face competition from Beirut and Dubai for the role and estimates that another two years are needed before one of them emerges as a leader.

The macro and the micro views

Before that time, there are other issues on the table, in particular what role the banks should be playing in the development of Egypt's economy. "Looking at Egypt from a macroeconomic standpoint," says Ahmad el Bardai, Citibank regional head for North Africa, "what has happened is a miracle. Now we have to look at the micro level and see how fast the government can succeed in attracting new investment and creating jobs for the half-million job seekers coming into the market each year."

Says Adel el Labban, general manager of Commercial International Bank (CIB): "Banking is one of the sectors that has performed relatively well on a sustained basis since the 1970s. There has been growth in the number of banks and in the size of the consolidated balance sheet, and this is a critical ingredient for any broad-based economic growth."

The liberalization of the economy has brought pressures as well as opportunities for the banks. Interest rates, fees and commissions have been deregulated since the early 1990s, increasing competition and squeezing margins. The deregulation of import procedures in areas such as cash collateral and licenses has also added to the competitive pressure. "Banks are looking carefully at their deposits and lending and are looking for new products," notes Mr. el Labban.

The change can be seen at Egypt's largest bank, the government-owned National Bank of Egypt (NBE).

"In the past, 85 percent of our profit came from interest."

says NBE Chairman Mahmoud Abdul Aziz. "Now it is only 65 percent, but our profits are up by 50 percent, so the off-balance sheet activity is clearly more profitable."

Three priorities
Mr. el Labban sets three clear priorities for the banking sector. First, he believes, Egypt needs a smaller number of larger banks to cope with the tougher new environment. In this opinion he is not alone. "Some banks have the structural, technological and managerial ability to face the market, but Egypt is overbanked," says one observer. "Of all our banks, maybe 15 will be capable of meeting the challenge."

Second, Mr. el Labban is also advocating the establishment of banks with a regional orientation to help ensure a more even development throughout the country. "Upper Egypt, Sinai and the Western Delta should be served by regional banks, not just by Cairo banks working through their branch networks," he insists.

Third, he wishes to see the government privatize its equity in Egypt's mixed private-public sector banks.

According to Mr. Abdul Aziz, NBE is already taking advantage of its position as "a 100 percent government bank that is 100 percent privately managed" to carve a major role in promoting the private sector. He strongly believes the banking sector should play a major role in privatization.

"We have to go deeper into the market and the privatization process and push the private sector to join," he says. "And my strategy is to help launch a new company every 10 days." The bank takes 10 percent to 20 percent equity, the private sector and co-investors 30 percent to 40 percent, and the balance goes to the stock exchange. "It is a model for accelerating the private-sector role in enhancing economic growth," says Mr. Abdul Aziz.

NBE has also taken an active role in the growth of the mutual funds by launching two of the seven funds now operating.

While applauding the new energy in the banking sector, some observers would like more attention paid to strengthening conventional banking activity, particularly in providing loans for private-sector projects. The private sector is expanding, but bank lending ratios remain a low 30 percent to 50 percent of assets. "Deposits in Egypt are very short-term, so it is hard to do long-term lending," says one banker.

If the banks can get the balance right between traditional activity and the tempting new prospects that privatization offers, they should be able to make a significant contribution to the development of Egypt's private sector.

Pamela Daugherty



Modern-day knights of the round table, with computers at their fingertips, pass their days in a flurry of activity at the Cairo Stock Exchange.

THE STOCK EXCHANGE BOUNCES BACK

The government is actively promoting this sector of the economy with an updated regulatory package.

Activity on the Egyptian stock exchange has risen steadily since August, and observers are saying that the Egyptian market is finally getting ready to play its proper role in the economy.

"Cairo is very exciting," says Angus Blair, head of research for the Middle East and Mediterranean for Britain-based Barings Securities. "It is going to be a huge market again."

"Our market is still small compared with other emerging markets," says Mohamed Taymour, chairman of the Egyptian Financial Group, "but there have been big achievements, with overall turnover rising to 2.6 billion Egyptian pounds (\$726 million) – compared with just £E 597 million in 1992." Momentum was not sustained in the first months

of 1995, and the value of the market dropped by 17 percent.

"There was disappointment in 1994 was not like 1995," admits Mr. Taymour, "but despite the depression in prices, trading reached £E 2.8 billion by the end of October and should be up to £E 3.6 billion by the end of the year."

"After a rise of 145 percent in 1994, the 17 percent decline was a necessary corrective," Mr. Taymour says.

Private-sector confidence
A series of government measures is helping to give new life to the market. A new regulatory structure, replacing the separate management boards of the Cairo and Alexandria Stock Exchanges, could be in place by the end of 1995, and a

watchdog committee will be established to monitor the listing of securities, adherence to trading regulations and penalties for malpractice.

The government's announcement in August of new measures to improve the privatization process – including an end to the selling of shares outside the stock exchange, together with the obligatory full disclosure of company information before any flotation – has also boosted confidence.

That the changes were made following consultations not just with market officials but also with fund managers, brokers and bankers adds to private-sector confidence.

Confidence is based on

more than expectations of improvement. Egypt's three

income-oriented mutual funds reported good results up to mid-1995, with returns outperforming those of three-year bank deposits and treasury bills. In August, the National Bank of Egypt opened subscription for its second £E 200 million mutual fund, which will invest in Egyptian and foreign shares and government paper.

A second new fund, the Allied Investors Insurance (All) fund, closed oversubscribed on Aug. 17 and brought the total amount of capital in the country's funds to £E 900 million.

Foreign interest
For some observers, the growth of the funds has come too soon in the evolution of the market.

"The role of the market is to raise capital to finance growth, not to act as a mechanism for shifting ownership," says Adel el Labban, general manager of the Commercial International Bank. "The funds now have a very big percentage of the traded shares in the market, where a more healthy evolution would be to leave retail investment in the hands of the brokers, not concentrated in the funds," he adds.

Despite these misgivings in Egypt, expressions of confidence are being heard outside of the country. An October report by leading British brokerage firm James Capel said that the Egyptian market was undervalued and represented an excellent buying opportunity.

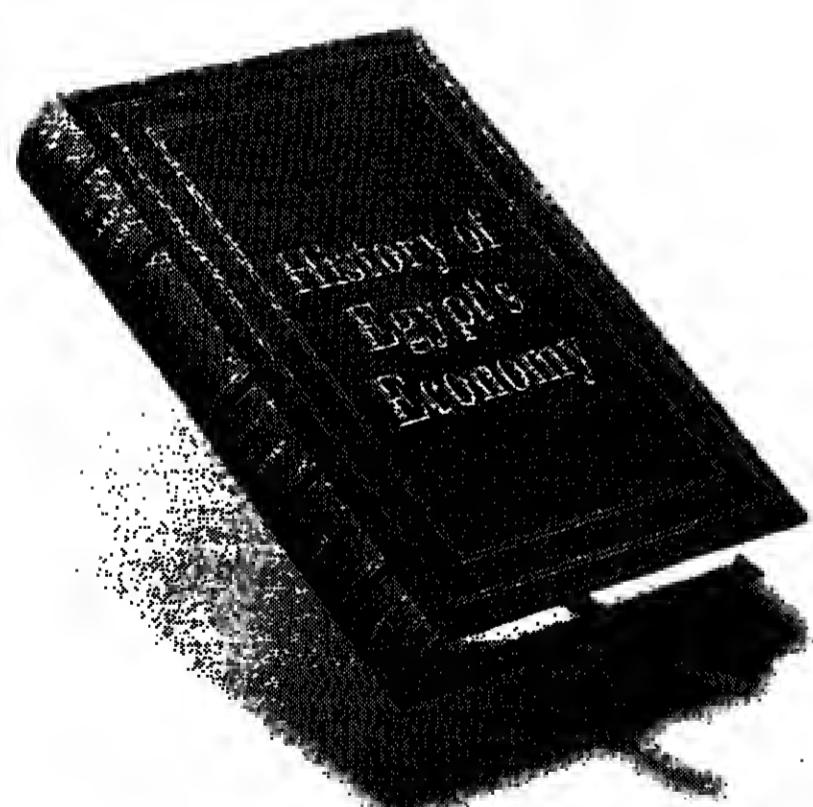
The Capel firm also announced plans to launch the first brokerage facility for Egyptian shares to be based outside Egypt, while the International Finance Corporation is also considering including Egypt in its global index of emerging markets.

With this growing foreign interest in the market and internal improvements continuing, a new central share depository is due to be operational by 1996.

Observers are predicting an exciting 1996 for the stock exchange.

P.D.

IN THAT BOOK OF HISTORY OUR NAME IS IN THE FIRST PAGE



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- Total of Loans, Advances and Investments reached £E. 13.8 Billion.
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- Banque Du Caire is the first Egyptian Bank having a Representative Office in the commonwealth countries, Kiev, Ukraine.

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EGYPTIAN BANKING & CAPITAL MARKETS

COMMERCIAL BANKS WILL BE STREAMLINED

While many of Egypt's 30 commercial banks are making a successful adjustment to the challenges posed by the increased emphasis on the private sector, others are lagging behind. A streamlining of the industry is inevitable, analysts say, with considerable rewards in the offing for institutions that are both flexible and well managed.

Results for the year ending in June 1994 (the most recent figures available), show that the country's largest public-sector institutions all recorded a rise in net profits.

The net profits of the National Bank of Egypt (NBE) rose by 14 percent, to 80 million Egyptian pounds (\$23.5 million); Banque Misr's by 8.3 percent, to £E 52 million; Banque du Caire's by 9.5 percent, to £E 46 million; and Bank of Alexandria's by 9 percent, to £E 36 million.

The four account for about 55 percent of the total assets in Egypt's banking sector, excluding their shares in joint venture banks. At the end of fiscal 1994, their combined assets and liabilities amounted to £E 122 billion, up from £E 115 billion in the previous year.

Other state-owned entities, such as the Arab International Bank (AIB), have increased their capital and are expanding their presence in both project and trade finance. AIB's shareholders include several Arab governments as well as Egypt.

Private banks and joint ventures

The performance has been the most remarkable, however, at some of the private-sector and joint-venture banks, such as Misr International Bank (MIBank) and the Commercial International Bank (CIB). MIBank saw its assets rise to £E 7.6 billion, up from £E 7.2 billion a year earlier, while profits increased 35 percent, to £E 70.6 million. In the case of CIB, both the level of earnings and the rate of increase were dramatic: net profits rose 57 percent, to £E 205 million. Its assets also improved, reaching £E 6.1 billion, compared with £E 5.8 billion in fiscal 1993. Other impressive results were reported by Suez Canal Bank, the Egyptian American Bank, Misr Exterior Bank, Mohandas Bank, The Nile Bank and Banque du Caire Barclays.

While most institutions benefited from the sudden surge of confidence that investors, both foreign and local, began to show in Egypt's economic system in 1994 as a result of its successful reform program, the pace of change has slowed somewhat since then. This in turn has given rise to some doubts about expectations for the remainder of this year.

Pressure from the International Monetary Fund is one factor, with many expecting a devaluation of the Egyptian pound, despite the government's insistence that such a move is neither required nor justifiable. Although a devaluation would help the country improve its export performance, it would also increase the country's high import bill significantly and contribute to inflationary pressures as a result.

Meanwhile, the uncertainty is affecting foreign banks dealing in the local currency and is discouraging other institutions from lending in the local market. Many commercial banks, however, have been able to offset such concerns as a result of the government's move to widen its offering of profitable new instruments in which banks can invest.

These include five-year treasury bonds, the first long-term tradable instrument to be made available. The first tranche was launched in April, and plans have been approved for issues totaling some £E 15 billion.

"This is a bank, and it is not my goal to buy treasury bonds. My main goal is commercial banking," comments Mohammad Ozalp, senior general manager of MIBank. "But if I have excess funds, it is an attractive way to invest those funds." The bonds carry a six-month coupon of 12 percent.

During the coming year, the prospect of bank privatizations will add to the uncertainty. Steps taken by the government recently to encourage the large state-owned manufacturing and service industries to clear their debts to the banks through asset sales or write-offs are welcome and will help these institutions to improve their return-on-equity and return-on-assets figures.

Pamela Ann Smith

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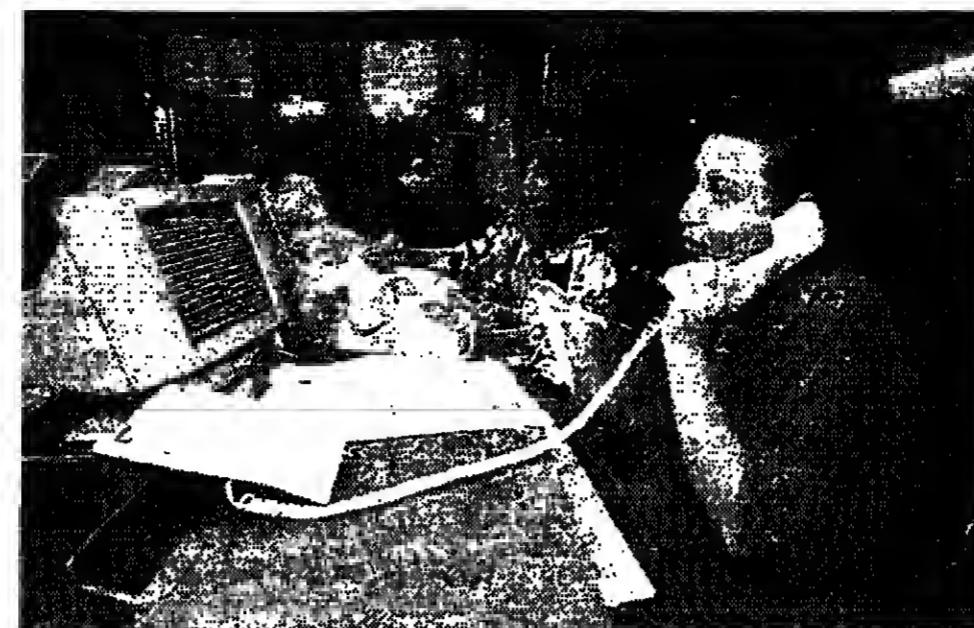
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The private sector, in addition to helping big business, has helped to provide jobs for individuals.

THOMAS HARTWELL/BABA/REA

PRIVATIZATION IS OFF AND RUNNING

Both companies and buyers are benefiting from an increased amount of private-sector activity.

E

Says Mohamed Taymour, chairman of the Egyptian Financial Group: "1992-94 was a period of hesitation, but now the government has a clear view." Since the launching of the privatization process in the early 1990s, only three companies have been sold outright, small stakes have been sold in 10 more and a further 12 are slated for sale from a total stock of 17 state-owned holding companies with 314 public-sector affiliates.

Only very profitable companies have been offered, and there has not been a real answer on what to do with the poor performers. The Chemical Industries Holding Company could show the way. It has asked for anchor companies, merchant banks and other parties to enter into management co-operations with nine of its 24 affiliates to improve their profitability and possibly to buy in at a later date.

This approach finds favor among Egypt's bankers and market specialists, who place a high priority on upgrading the management and profitability of government ventures before they reach the market. "We need to educate owners, change management procedures and increase productivity in companies

and then we can go to simple selling," says Mahmoud Abdel Aziz, Egyptian National Bank chairman.

His approach is backed by Mr. Taymour. "We need strategic investors with technical and management ability," he says.

Their views are supported by recent market experiences. The Engineering Industries Holding Company's 1994 attempt to sell a number of affiliates outright was a failure, and offers this year have also had a poor response.

Economics over politics

For Adel el Labban, Commercial International Bank (CIB) general manager, the key is that decisions be based on economic rather than political considerations. "Privatization is a means to an end, not an end in itself," he says. "I don't really care who owns a company so long as they manage it effectively, and management and shareholders are compensated adequately."

Complaints that Egypt's privatization program is moving too slowly cut little ice with Mr. el Labban. "The purpose of economic reform is to improve the standard of living for all Egyptians, not to sell a quota of companies in a given time," he says.

Mr. el Labban would, however, like

to see the government release up to 50 percent of its share in large public-sector companies, not just the 10 percent to 20 percent that is usual now, which he considers insufficient to lead to an improvement in management.

Many Egyptians worry about the impact of privatization on jobs. The experience of El-Nasr Bottling (Coca Cola), which has increased its staff since privatization, is much quoted, but not everyone has as much confidence.

Mr. Taymour emphasizes that foreign expertise, rather than capital, is needed. "When we are selling on the stock exchange, we don't need foreign capital," he says, adding, "We have had four successful offers of \$500 million Egyptian pounds (\$135 million) with no problem."

Mr. Abdul Aziz agrees. "Egypt has attracted inflows of \$65 billion in the last three years, 85 percent of it from Egyptians, and we now have a \$20 billion surplus in hard currency," he notes. He also points out that privatization has been a good investment for buyers. "Of all the companies privatized, only one is now selling below its offering price, so we can't say the pricing wasn't right. With a more active market, we will be able to price within the prevailing norms," he says. P.D.

INVESTMENT BANKS DRAW NEW PARTNERS

Although progress on privatization has been slow, the prospect of new public share offerings and a reform of the stock market are helping to expand investment banking opportunities in Egypt. Despite some concern about inflation, future interest rates and the value of the pound, foreign investors are also continuing to find the country's emerging markets attractive.

To take advantage of the voracious domestic appetite for local stocks and shares, the big public-sector institutions and joint-venture banks are establishing mutual funds in Egyptian pounds. Five institutions, including Banque Misr, the National Bank of Egypt (NBE), the Bank of Alexandria and the Egyptian American Bank (EAB), have already set up such funds. Banque Misr, the state-owned commercial bank, has established two funds. The growth fund, which was launched in September, closed at 200 million Egyptian pounds (\$58.8 million); the first, an income fund, is valued at £E 300 million.

NBE recently launched its second fund, an income-based package valued at £E 200 million. Its first, a £E 100 million open-ended capital gains growth fund, was two and a half times oversubscribed when it closed.

Stock in trade

In October, Banque du Caire, another large public-sector commercial bank, launched yet another fund with a target of \$100 million. EAB, whose shareholders are the Bank of Alexandria and American Express Bank of the United States, launched its fund last year. It raised \$200 million and helped attract new customers to the bank as well, officials report.

Further progress in attracting domestic investors will depend, to a certain extent, on the availability of bank stock itself. Plans by the big public-sector institutions, such as NBE, to sell shares in the smaller joint-venture banks have been announced.

In 1993, NBE reduced its 100 percent stake in Commercial International Bank (CIB) to just over 40 percent, and the bank's partners now include the Washington-based International Finance Corporation (IFC) as well as the Arab Investment Company and Arab Petroleum Investments Corporation (Apicorp). As a result of a public share offering, individual shareholders own more than 50 percent.

Barclays International is reported to be ready to raise its 49 percent share in Banque du Caire Barclays to a majority 51 percent if Banque du Caire agrees. Meanwhile, Egypt's investment banks are increasing their involvement in the expanding capital markets. CIB and other joint-venture institutions are buying shares directly in newly privatized industrial companies.

Foreign-owned institutions such as Citibank, Credit Lyonnais, the Arab Bank and American Express Bank have expanded operations in local currencies following legislation removing previous restrictions. P.A.S.

RIB Arab International Bank

Head Office: 35 Abdel Khalek Sarwat St, Cairo, Egypt.

YOUR PARTNER FOR BANKING ACTIVITIES IN EGYPT AND HAS CORRESPONDENTS IN ALL CONTINENTS

AUTHORIZED SHARE CAPITAL

AND FULLY SUBSCRIBED US\$225 MILLION

PAID UP CAPITAL US\$20 MILLION (210 MILLION ON 10/9/95)

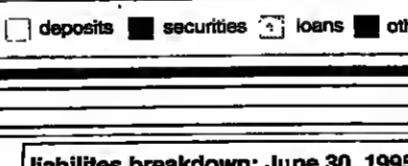
RESERVES US\$97 MILLION

TOTAL ASSETS/LIABILITIES US\$233 MILLION

asset breakdown: June 30, 1995



liabilities breakdown: June 30, 1995



EQUITY PARTICIPATION DISTRIBUTION ACCORDING TO ACTIVITIES: JUNE 30 1995



This announcement appears as a matter of record only.

January 1995



BANQUE MISR MUTUAL FUND

(EGYPT)

L.E. 500,000,000
(U.S. \$147,000,000)

FIRST ISSUE L.E. 300,000,000

INVESTMENT MANAGER

CONCORD INTERNATIONAL INVESTMENTS
NEW YORK

This announcement appears as a matter of record only.

September 1995



BANQUE MISR MUTUAL FUND

(EGYPT)

SECOND ISSUE L.E. 200,000,000
(U.S. \$59,000,000)

INVESTMENT MANAGER

CONCORD INTERNATIONAL INVESTMENTS
NEW YORK

SPORTS

49ers Humble the Cowboys Best Record in the NFL? Try the Chiefs

The Associated Press
Still believe Dallas will win the Super Bowl?

Here's an option: the Kansas City Chiefs, owners of the best record in the National Football League.

While the Cowboys were ambushed by the San Francisco 49ers on Sunday, the Chiefs quietly defeated the San Diego Chargers, 22-7, for their ninth victory in 10 games.

With Steve Bono and Marcus Allen scoring on short touch-down runs, the Chiefs beat the

record, but New England beat his Dolphins, 34-17. The 34-year-old Marino now has 47,299 yards in 13 seasons. Tarkenton threw for 47,003 yards in 18 years.

Ben Coates caught a pass deflected by a teammate for the tie-breaking score to help New England (4-6). Curtis Martin had 142 yards rushing and two touchdowns, and Drew Bledsoe added two scoring passes.

Chiefs 22, Chargers 7 At San Diego, Kansas City won its sixth straight as Allen scored from a yard out with 6:16 to play for the clincher. Bono was 17 of 27 for 137 yards and ran 2 yards for a first-quarter TD.

The Chargers (4-6) lost for the fifth time in six games.

Eagles 31, Broncos 13 At Philadelphia, Rodney Peete (25 of 37 for 264 yards) ran for one score and passed for another, while Ricky Watters had two short touchdown runs as the Eagles pulled within two games of Dallas in the NFC East.

Saints 17, Colts 14 At New Orleans, Jim Everett threw for 228 yards and two TDs as the Saints (4-6) won for the fourth time in their last five games.

Raiders 17, Giants 13 At East Rutherford, New Jersey, Jeff Hostetter withstood strong winds in leading Oakland (8-2) past his former teammates. Harvey Williams capped a long against-the-wind drive with a 6-yard scoring run with 6:52 left. Hostetter was 13 of 24 for 152 yards.

Patriots 43, Dolphins 17 At Miami, Dan Marino passed for 333 yards and broke Fran Tarkenton's all-time yardage record. But New England beat the Cowboys, 34-17.

Packers 28, Panthers 17 At St. Louis, the Rams forced six

turndowns and Isaac Bruce had his sixth straight 100-yard receiving game as the team successfully christened the Trans World Dome at the expense of Carolina (4-6).

The Panthers' Kerry Collins was intercepted four times and lost two fumbles — one that was returned 26 yards for a score by Torin Dorn. Chris Miller was 19 of 32 passes for 216 yards and two TDs for the Rams.

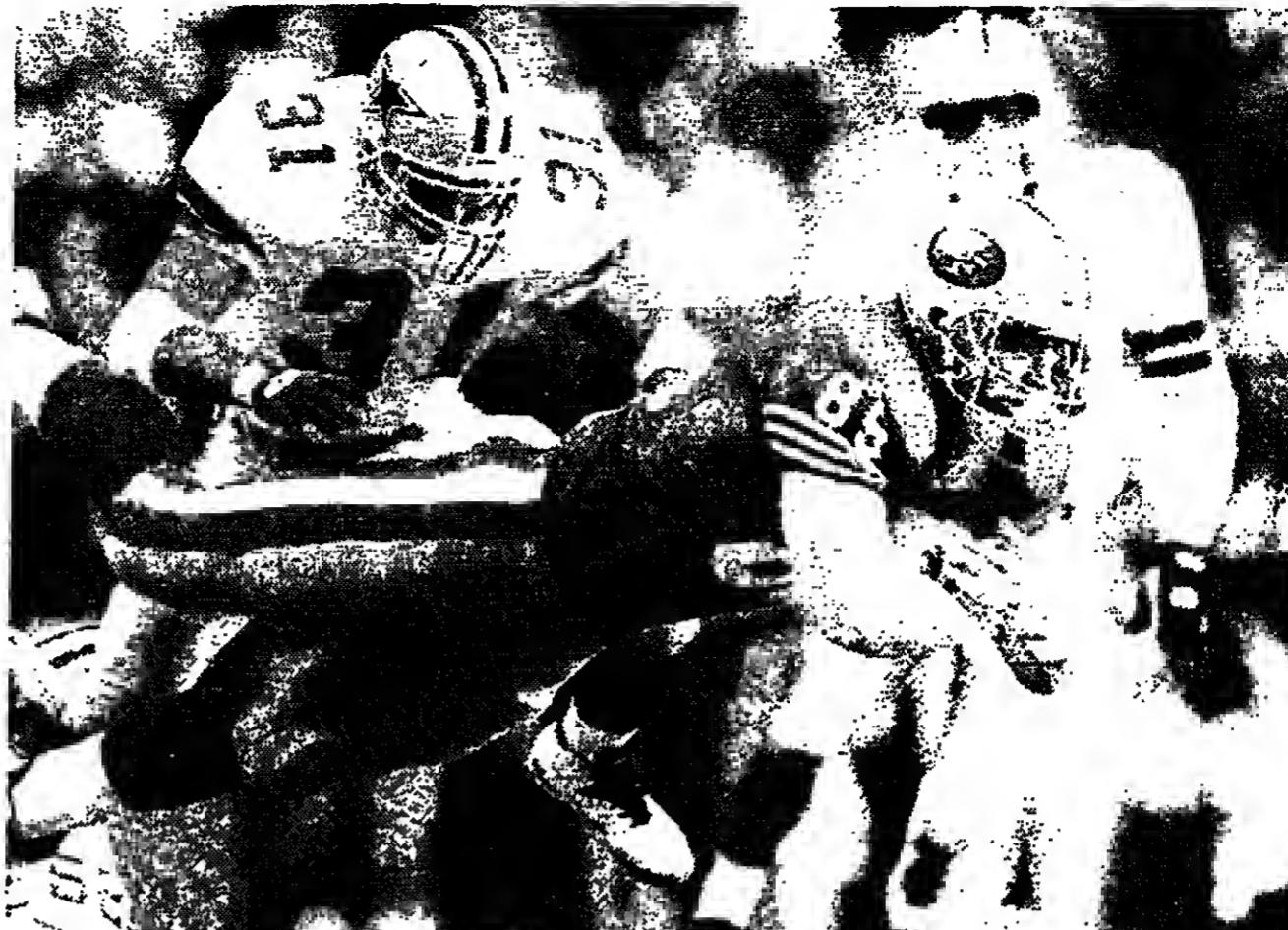
Bengals 32, Oilers 25 At Houston, Jeff Blake threw two touchdown passes to Carl Pickens and Cincinnati (4-6) — with the NFL's worst defense — forced four turnovers and had four sacks. The Oilers are 4-6.

Vikings 30, Cardinals 24 At Tempe, Arizona, Warren Moon threw a 50-yard scoring pass to Qadry Ismail 2:16 into overtime as Minnesota (5-3) improved to 2-2 in overtime games and Arizona (3-7) fell to 1-2. Moon completed 24 of 43 passes for 342 yards and four scores.

In games reported in some Monday editions:

Raiders 17, Giants 13 At East Rutherford, New Jersey, Jeff Hostetter withstood strong winds in leading Oakland (8-2) past his former teammates. Harvey Williams capped a long against-the-wind drive with a 6-yard scoring run with 6:52 left. Hostetter was 13 of 24 for 152 yards.

Lions 27, Buccaneers 24 At Pontiac, Michigan, Willie Clay



Terrell Davis, 49ers tight end, dives for a first down against Dallas, while the Cowboy safety Brock Marion closes in.

Patrick Swayze photo

yards for a score and caught TD passes of 38 and 23 yards from Rick Mirer as Seattle (4-6) had its highest point total in 10 years. Galloway finished with five catches for 114 yards. Chris Warren added 121 yards on 27 carries. Jacksonville fell to 3-7.

Lions 27, Buccaneers 24 At Green Bay, Wisconsin, Brett Favre threw a career-best five

(4-6) gave coach Wayne Fontes another week of job security. Brett Perriman (10 catches for 125 yards) made a diving catch for a 37-yard gain to the Tampa Bay 1 to set up Scott Mitchell's touchdown with 5:21 left.

Mitchell was 21 of 34 for 260 yards and one score. Barry Sanders had 19 carries for 92 yards, including a 55-yard touchdown.

Packers 28, Bears 26 At Green Bay, Wisconsin, Brett

touchdown passes and the Packers held Erik Kramer out of the end zone in a drive that stalled at the 14-yard line as time expired. The Bears and Packers are tied for first in the NFC Central with 6-4 records.

Favre completed 22 of 36

passes for 336 yards and had TD tosses of 17, 29, 1, 11 and 16 yards. Kramer was 23 of 38 for 318 yards and two TDs.

Scotiabank 16, Lightning 4 Tampa

Bay squandered a two-goal lead in the third period for the fourth time this season as visiting Buffalo scored four times in the last 20 minutes.

Derek Plante, Brent Hughes, Dave Hannan and Matthew Barnaby had the third-period goals as the Sabres won for only the second time in seven road games.

Plante, Hughes and Hannan scored in a 2:18 span to put the Sabres in front, and Barnaby added a late goal.

Bears 4, Blackhawks 4 In Chicago, Todd Marchant

scoored on his own rebound with 7:03 left in regulation as Edmonton rallied for a tie.

Joe Murphy had put the Blackhawks ahead 4-3 with 9:05 remaining in the third period, beating Joaquin Gage with a slap shot from the top of the left circle at the end of a three-on-one break.

Gage, who started the second period in relief of ineffective goalie Bill Ranford, stopped 14 of 15 shots for his first NHL point after three career losses.

The rookie's best save came about :35 into the five-minute overtime, when he kicked aside Tony Amonte's 15-foot slap shot.

Canucks' Promise Turns Sour

The Associated Press
With Alexander Mogilny joining Pavel Bure in their line-up and a new arena, the Vancouver Canucks were expecting big things this season.

But now Bure is gone for the season with a knee injury, and the GM Place Arena is not as friendly as they thought it would be.

The Canucks heard derisive chants from the fans while going down to a 4-3 deficit Sunday.

NHL ROUNDUP

night at the hands of the Montreal Canadiens. Coupled with an 8-4 loss Saturday night to Colorado, it completed a lost weekend for the Canucks.

Brian Savage scored twice as the Canadiens continued their remarkable surge under their new coach, Mario Tremblay.

The Canadiens have a 9-2 record since Tremblay replaced Jacques Demers behind the bench early in the season when Montreal was 0-5.

Mogilny, acquired from Buffalo in an off-season trade, and Roman Olszta scored for the Canucks, who lost their third straight and are 1-4-3 at home.

Devils 3, Flyers 2 In Philadelphia, Randy McKay's tie-breaking goal midway through the third period helped New Jersey complete a sweep of two-game weekend series with the Flyers.

Scott Niedermayer hit a slap shot that McKay managed to deflect from midair for his second goal of the year at 7:03, snapping a 2-2 tie. New Jersey had used up just five seconds of a power play.

Sabres 6, Lightning 4 Tampa

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SCOREBOARD

FOOTBALL

NFL STANDINGS

AMERICAN CONFERENCE

	EAST	W	L	T	Pct.	PF	PA
Buffalo	7	2	0	0	.700	272	172
Miami	5	5	0	0	.500	265	266
New England	4	6	0	0	.600	167	178
N.Y. Jets	2	7	0	0	.200	257	257

CENTRAL

	WEST	W	L	T	Pct.	PF	PA
Giants	9	1	0	0	.900	245	148
Steelers	8	2	0	0	.667	250	157
Cardinals	4	6	0	0	.400	218	203
Jacksonville	2	7	0	0	.200	169	233

NATIONAL CONFERENCE

	EAST	W	L	T	Pct.	PF	PA
Pittsburgh	5	4	0	0	.556	208	203
Philadelphia	4	5	0	0	.444	178	193
Washington	4	6	0	0	.400	218	203
Baltimore	2	7	0	0	.200	169	233

CFL PLAYOFFS

	DIVISION FINALS	THE AP TOP 25
Calgary 37, Edmonton 4	Baltimore 21, San Antonio 11	

THE AP TOP 25

The Top Twenty Five teams in the Associated Press college football poll, with final-place votes in parentheses, records for the week, total points based on 25 points for a first-place vote through one point for a 25th-place vote, and previous ranking.

EAST

1. Florida 10-0-0 1,000

2. Ohio St. 10-0-0 1,476

3. Florida (3) 9-0-0 1,458

4. Tennessee 8-1-0 1,259

5. Northwestern 8-1-0 1,255

6. Michigan 8-1-0 1,252

7. Kent St. 9-1-0 1,172

8. Notre Dame 9-2-0 1,165

9. Colorado 9-2-0 933

10. Texas 7-1-1 929

11. Penn State 7-1-1 924

12. Michigan 7-1-1 922

13. Arizona 7-1-0 916

14. Arkansas 7-1-0 915

15. Kansas 7-1-0 915

16. Oregon 7-1-0 915

17. Alabama 7-1-0 915

18. Texas A&M 7-1-0 915

19. Penn St. 7-1-0 914

20. Virginia Tech 7-1-0 914

21. Michigan 7-1-0 913

22. Washington 7-1-1 913

23. Syracuse 7-2-0 147

24. Clemson 7-3-0 122

